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## NEWS SUMMARY

### GENERAL

## Schmidt lead may be cut

The Coalition Government of the Chancellor, Herr Helmut Schmidt, seems set to remain in power in West Germany with a reduced and narrow majority, early computer returns show.

Herr Schmidt's Social Democrat Party is thought to have gathered about 43 per cent of the vote. First estimates give the Christian Democrat Party and its challenger for the office of Chancellor, Herr Helmut Kohl, 45.5 per cent. Herr Schmidt's partner, the Free Democrats, are thought to have slightly less than 8 per cent.

The Coalition, with a majority of about 51 per cent, seems likely to have a lead of about six to eight seats in a Federal Assembly of 496 members.

### Action by Ulster firemen spreads

Unofficial action by firemen in Ulster spread, posing a serious risk to large industrial areas in Belfast and Londonderry. The firemen's action committee in Belfast, campaigning for 15-day danger money, urged part-time colleagues in outlying areas not to answer calls. Page 7

### Powell 'vicious'

An Asian leader denounced a speech on repatriation which Mr. Enoch Powell is due to make today as vicious and dangerous. Mr. Prafull Patel, secretary of the Committee of U.K. Citizenship, urged that the speech, which had been leaked to him and called for forcible repatriation of coloured people, should be stopped.

### Arabs rampage

About 200 young Arabs in Ilawana stormed a synagogue. Scrolls, prayer books and furniture were damaged.

### Ivanjica wins Arc

The French four-year-old Ivanjica, ridden by Freddy Head, won the Prix de l'Arc de Triomphe, the world's richest horse race. Domestique Wigan. Page 2

### Teachers' plea

Steps to end "callous and irresponsible" arrangements for training and employing teachers, which have left about 20,000 without jobs, are urged in a policy statement by the National Association of Schoolmasters and the Union of Women Teachers. Page 12

### Water find

Minioz engineers who found what is believed to be Europe's highest cleft in the Vale of Belvoir, south of Nottingham, also discovered millions of gallons of water. Severn Trent Water Authority hopes to use it. Water news. Page 41

### People and ...

Mr. Nicholas Goodison, chairman of the Stock Exchange, welcomed the Prime Minister's plan to set up a review of Britain's financial institutions. Page 7

Mr. Marcus Lipton, Labour MP for Central Lambeth, said that MPs who played truant from Westminster should be fined.

Rev. Ndabangizi Sibhole, leader of the Zimbabwe African National Union, said that could not be a transitional Government in Rhodesia before a constitutional conference.

### ... places

Turkey: Right-wing Prime Minister, Mr. Suleyman Demirel, has spoken of the possibility of declaring martial law. Page 3

Nairobi: Kenya is worried by reports that 80 people have died from an unidentified disease, symptoms of which are fever and nosebleed, sweeping southern Sudan.

Johannesburg: History was made in South Africa when black and white cricket clubs played against one another for the first time with Government approval.

### FEATURES

International Mining difficulties ..... 14

Gerek's problems in Poland ..... 35

### BUSINESS

## Capital spending outlook brighter

PROSPECTS for an increase in employment and capital spending in industry in the next 12 months now appear to be good, according to the latest Financial Times monthly survey of business opinion.

But the survey shows that industry is becoming more doubtful that the Government will achieve its inflation targets. Back Page. Details, Page 43

CBI SURVEY gives some qualified hope that the economic recovery will gather pace again this year in spite of the levelling off in activity seen in the last few months. Industry Department survey is expected to predict a relatively buoyant growth in manufacturing investment. Back Page

IMPORT DEPOSIT scheme is likely to be introduced by the Government, according to stockbrokers Phillips and Drew. The move would restrain the money supply and help the balance of payments. Page 8

RICH AND POOR nations should agree on a "global compact" to eliminate world poverty by the end of the century, said Mr. Robert McNamara, World Bank president. Page 8, Editorial comment Page 14

## Rubery Owen jobs may go

EMPLOYEES at Rubery Owen Conveyancer have been told that there must be a major reorganisation of the industrial truck company which could involve the loss of 20 jobs, about one-eighth of the workforce. Page 7

EMERGENCY measures to help unemployed young people must be developed into a more coherent policy, according to Mr. Ray Hurst, secretary of the Institute of Careers Officers. Page 12

LORRY DRIVERS in the Midlands plan to black vehicles containing tachographs from October 18 in protest against the growing use of the monitoring system. Page 12

WAGE INCREASES outside the normal limits of the pay policy have been granted with official approval to 30 office staff at Newton Derby. Their union argued that their wages were below the general level at comparable companies. Page 12

MACHINE TOOL companies obtained a welcome boost to their order books at the international exhibition which has just closed at Birmingham. Page 40

## Exxon to build German plant

EXXON will build a nuclear fuel plant in West Germany as part of its programme of investment in the nuclear industry over the next ten years. Back Page

U.K. NUCLEAR SAFETY studies have concluded that there is no basic difference in technology—and therefore, in safety—between U.S. light water reactors and the U.K.-designed reactor chosen instead by the U.K. two years ago. Back Page

DESIGN for a concrete ship to transport liquefied natural gas is being promoted by an Anglo-German-American consortium. Page 8

BRITISH AIRWAYS European Division is forecasting an operating surplus of at least £15m this financial year, compared with last year's £7m loss. Back Page

STOCK EXCHANGE turnover rose £2bn. to £7.4bn. last month, after falling for the previous three months in a row. Page 7

### COMPANIES

ASSOCIATED DAIRIES has embarked confidently on a big capital development programme for the next 18 months, says Mr. A. N. Stockdale, chairman. Page 36

BARCLAYS Bank International has bought UDT (Hong Kong) from United Dominions Trust for £2.5m. cash. Page 36

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## U.S. softens line on Britain's plea for IMF loan

BY REGINALD DALE, MINALA, Oct. 4

Mr. William Simon, U.S. Treasury Secretary, to-day appeared concerned to dampen speculation that Washington will insist on tough new economic policy conditions in exchange for Britain's requested International Monetary Fund drawing.

As delegates gathered here for the IMF annual meeting, Mr. Simon said he regarded Britain's plea as "courageous" and a good start towards restoring stability. He was much less severe than most U.S. officials recently.

German officials also took a reasonably relaxed line, expressing confidence in Britain's ability to overcome its balance of payments problems and describing the Government's policy as a "breakthrough".

If Washington raises no objections, Bonn is unlikely to do so.

First contacts between Britain and the Fund take place here to-morrow, when Sir Douglas Wass, Permanent Secretary to the Treasury, and Sir Derek Mitchell, Second Permanent Secretary, meet Dr. Johannes Witteveen, IMF managing director.

But serious negotiations will only start when a four or five-man Fund mission visits the U.K. next month.

Dr. Witteveen to-day served notice that the Fund would probably have to activate the 10-nation General Agreement to Borrow to accommodate drawings by Italy and Britain. But

no formal move will be made here this week.

Officials admit that the schedule for the U.K. drawing could be "tight" given that the \$5.3bn. standby credit arranged in June has to be repaid on December 8.

Problems could also arise if the latest drawings necessitate an increase in ceilings under the General Agreement to Borrow.

Mr. Denis Healey, Chancellor of the Exchequer, has been chosen to succeed Dutch Finance Minister Willem Duisenberg as chairman of the Group of Ten for their next meeting.

Row, providing contributing countries with an opportunity to argue that they are paying too much.

Dr. Witteveen pointedly remarked last night that the amount of the British drawing would have to be studied along with the conditions.

The Finance Committee on Monetary Reform said in a communiqué last night that deficit countries "should arrange their domestic policies so as to restrain domestic demand and

permit the shift of resources to the external sector to the extent necessary to bring the deficit on current account in line with a sustainable flow of capital imports and aid."

Balance of payments adjustments between deficit and surplus countries should be "symmetrical," and deficit countries could help promote such adjustments by larger use of IMF financial facilities.

There are signs here that developing countries are coming increasingly to accept that the industrialised nations must urgently master inflation, even at the expense of slower economic growth.

Dr. Witteveen to-day re-emphasised that the social and economic costs of inflation, though less immediate and less obvious than those of unemployment, "can prove even more corrosive."

Too ready availability of commercial credit to developing countries could in some cases be counter-productive. He welcomed the increasing tendency for commercial banks to clear their lending to Fund stand-by arrangements.

McNamara calls for "global compact," Page 5

## Irish urge devaluation of Green Pound by 10%

BY ROBIN REEVES

BRUSSELS, Oct. 3

THREE ISSUES of crucial importance to the U.K.—a Brussels demand for a green pound devaluation, preliminary discussions on revising the EEC's common fisheries policy, and introduction of a common sheep meat policy—will confront Mr. John Silkin, U.K. Minister of Agriculture, at his first Common Market Council of Ministers meeting, which opens in Luxembourg to-morrow.

The Brussels Commission's 13-man executive is holding a special session in the morning which it is widely expected will agree to propose a devaluation of the green pound, perhaps by as much as 10 per cent.

That is the figure being pressed for, according to reports by Mr. Mark Clinton, the Irish Farm Minister, who is expected to move in this direction with his country's considerable agricultural export earnings.

A Commission green pound proposal is also likely to be viewed sympathetically by other agricultural Ministers of the Nine.

All the signs are that Mr. Silkin will refuse, as is his right, to go along with any green pound move at this stage. He will argue that, given Britain's economic circumstances, this is not the moment to contemplate an action which could add as much as 2 to 2½ per cent to the cost of food in the U.K.

While some help for British farmers, hit by the drought, is believed to be in the pipeline, it is thought to take the form of help to selected sectors rather than across-the-board price increases entailed in a green pound devaluation.

The feeling in Brussels is that the latest fall in sterling is stretching too far the EEC's existing rules for subsidising and farm and food prices from currency fluctuations.

Last week the Commission placed a ceiling on the level of EEC subsidies on U.K. food imports, used to bridge the gap between sterling and continental currencies, rather than increase them in line with the latest drop in the pound.

The rate of subsidy should have gone up from the present 28½ per cent to nearly 32 per cent, this week, and sterling's present performance points to at least a 35 per cent rate of import subsidy next week if the system is allowed to work in the normal way.

### Unstable

A green pound devaluation would allow a reduction in the level of these import subsidies by changing the pound rate at which EEC farm prices are translated into sterling prices for U.K. farmers.

This, in turn, would relieve the growing burden on Brussels farm budget at present paying out exchange-rate offset subsidies at the rate of about £400m. in a full year for Britain alone.

The decline in the pound is not the only monetary difficulty looming for the Community. The recent strong upward pressure on the German mark, if it leads to a general realignment of EEC currencies, raises the deeper question of how long the Community can hope to go on maintaining a common agricultural policy with supposedly common price levels in a market buffeted by ever-volatile currencies.

The discussion on the common fisheries policy seems likely to take the form of blunt statements in support of exclusive national fishing limits of up to 12 miles from the coast, says Mr. Clinton, the Irish Minister.

These will be in reply to a

detailed explanation of the Commission's fisheries proposals, which envisage exclusive national bands of no more than 12 miles, requested at last week's informal meeting of Farm Ministers at The Hague.

Hard bargaining on the issue is not expected to begin until the Foreign Ministers Council on October 18-19 when Britain will be looking for endorsement of the Commission's plan for a 200-mile limit next January 1.

That will bring detailed negotiations on the consequences—the need for new fishery agreements with non-Community countries, and a revision of the EEC's own internal policy.

### Traditional

The council is hoping to secure final agreement on the basis of a common sheep meat policy. Among outstanding problems is British insistence that there be no safeguard clause to ban imports from the U.K. sees a threat, albeit theoretical, to its traditional large imports from New Zealand.

France and Ireland, the other two countries most concerned, also have points at issue. France wants some measure of emergency protection for its producers at its own borders.

Evidently Germany is objecting to this as a matter of principle and as a potential threat to its limited lamb exports to France.

The Commission is evidently proposing to extend the scheme for incorporating up to 400,000 tons of scrap steel into animal feed beyond the present October 31 deadline, as so far only about 250,000 tons has been incorporated.

This is likely to meet strong opposition from West Germany, supported by Britain.

## Steel scrap price may be cut

BY ROY HODSON

A SHARP fall in the price of scrap steel is expected this week. The British Steel Corporation and the private sector steel companies are believed to be ready to cut the prices they offer for scrap by between 15 a ton and £1 a ton according to quality.

Such a round of cuts would represent the biggest percentage fall in the price of scrap so far this year. Steel scrap is an essential raw material for most West-making plants. Cheaper scrap would help the steelmakers to peg their prices for new steel during the coming winter.

The corporation has already given firm assurances that it will maintain a freeze on steel products prices for at least six months after price rises implemented yesterday.

More than 60 per cent of its steel products sold on the home market will cost about 10 per cent more if the freeze remains in place.

The decline in the price of scrap will ease the pressure of raw material costs on all British

steelmakers. It will make it easier for them to peg the price of their products for big and small customers.

British scrap steel prices soared from £22 a ton last January to £35 a ton by early April. A serious scrap shortage was feared.

A sector of the industry had blamed the opening of new "mini-mills" claiming that their reliance on scrap would create a permanent scarcity.

But scrap prices have been falling recently, against most market forecasts and will be about £35 a ton after the new cuts.

The principal reason is that the expected boom in steel demand expected by the leading Western steel industries has not taken place.

Both West Germany and the U.S. are exporting scrap to Britain, thus depressing ruling British home prices for scrap.

Stocks of scrap steel in Britain, standing at about 5m. tons, have reached the highest levels known by the trade. It is estimated

that the British Steel Corporation has stocks of about 1.5m. tons, which is the equivalent of nearly three months' requirements by the corporation.

The private sector companies have stocks estimated at 500,000 tons. The scrap merchants are estimated to hold more than 750,000 tons.

The position will be aggravated for the dealers in coming months because of forward orders for another 2m. tons of scrap from the U.S. and Europe for the British market.

Faced with such plentiful supplies of scrap steel after the shortages and soaring prices of six months ago, both the corporation and the private sector steel companies are prepared now to be ruthless in slashing their purchasing prices.

The corporation has the ability to manipulate the market effectively because about 20 of Britain's leading scrap suppliers are now tied to the corporation under guaranteed contracts for

## Delivery drivers go back to-day

BY ALAN PIKE, LABOUR STAFF

DELIVERY drivers of Silecock and Colling, Coventry, whose month-long strike threatened extensive disruption over wide sections of the motor industry, will return to work to-day.

A meeting of the strikers accepted a formula for ending the dispute over a company decision to make 17 men redundant, after losing a delivery contract.

Under the settlement the men will remain with Silecock and Colling, but some will be involved in work sharing, and work out of other depots when needed.

The strike was joined by men at other depots of the company last week, and there was a danger of its spreading throughout the country, preventing completed cars leaving factories for showrooms and dealers.

More than 2,000 Triumph workers in Coventry, laid off last week because of delivery disputes were recalled. Production resumes to-day.

Leyland still faces problems at its Castle Bromwich body works and SU Carburettor factory, Birmingham.

### move on riot

Electricians who walked out last week in disagreement with the Transport and General Workers' Union over manning a new control room say they will report for work to-day, but continue to apply sanctions.

The two factories supply components for a wide range of Leyland cars. Disputes there can have serious side effects on other factories.

Ford Motor has sent letters to 22 employees to say they will face disciplinary action over incidents on last Tuesday's night shift, when groups of workers caused £15,000-worth of damage to factory property.

This follows a company investigation into the disturbance after 1,000 men were laid off because of a strike by 12 door-setters.

The 1,000 laid-off workers are on strike demanding full pay for Tuesday night and a guarantee against future lay-offs. Talks between management and union officials are likely to-day.

The strikers are due to meet on Wednesday.

Ford does not intend the disciplinary hearings to take place until the strike is resolved and there is a return to normal working.

Each of the 22 men will appear individually before a member of management accompanied, if he wishes, by a union representative.

Sanctions ranging from reprimand to dismissal can be imposed under the company's disciplinary procedure.

## Tory strategy is to force an early poll

BY RICHARD EVANS, LOBBY EDITOR

THE CONSERVATIVE leadership now appears determined to try to force an early General Election—in spite of the political uncertainty this could cause—in order to implement the party's economic and industrial strategy as rapidly as possible.

Publication at the week-end of the policy statement, which has received a favourable party response prior to the party conference at Brighton this week, has given Mrs. Thatcher the basis of an appeal to the country as an "alternative" Government with distinctive policies.

The Conservatives are clearly in no mood to co-operate with the Government in the financial crisis, and Mrs. Thatcher believes that after the internal divisions evident at last week's Labour Party conference, there is a distinct chance that a General Election will be forced on Mr. Callaghan within the next six months.

This assumption gives the 25,000-word policy statement, The Right Way, an added significance, as it would inevitably form the basis of a manifesto appeal to moderate opinion at an early election.

The document, to be presented to the conference by Sir Keith Joseph, Shadow Minister with responsibility for policy and research, does not reflect the controversial monetarist theories with which he has been associated.

Although criticised by the Right-wing Selsdon Group, it has received widespread backing from other sections of the party. Close associates of Mr. Edward Heath, the former leader, welcomed it as a policy to unite the party. The belief of many Tory MPs was that the way is clear for Mr. Peter Walker and others, if not Mr. Heath himself, to return to the party's Front Bench.

### New policy

The broad new policy commits the Conservatives to massive cuts in public spending, lower taxes, higher profits, production of a fresh economic strategy and perhaps most controversially, the ending of the social contract.

The contract is condemned as inappropriate for "any party which accepts that it is the proper duty of government to represent the country as a whole."

Instead, it is argued that the trade union movement should be "widely consulted and its interests acknowledged and understood." In place of fixed pay norms, the Tories prefer an understanding agreed annually by the Government, employers and unions on the West German model.

Union leaders already faced with Left-wing criticism of their relations with the Government, are certain to react angrily.

Labour politicians will draw

parallels with the "confrontation" policies adopted towards the end of Mr. Heath's Administration.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, said that the restoration of complete freedom to employers and the Government might have to be balanced by a union demand for complete freedom in wage bargaining.

"What we can't have is some idea of wage restrictions with no return either socially or industrially from the Government of the day," Mr. Scanlon said in a BBC radio interview.

Defending the social contract, he said that there was a world of difference between agreeing a programme the Government would put to operation and suggesting that Government programme had been agreed the unions were governing the country.

Mr. David Barnett, general secretary of the National Union of General and Municipal Workers, attacked the document's "19th century" economics and contrasted the attempts of the Government "to solve economic problems on the basis of consensus."

The six primary aims set for the next Tory Government are to enable the country to live within its means through reduction and control of public expenditure; strengthening of Parliament and the rule of law; extension of ownership throughout the community; encouragement of self-help and family life; improvement of educational standards and rewarding of merit; and initiative and the maintenance of Britain's security and interests abroad.

Greater emphasis is put on the need for further massive public spending cuts to bring the economy back into balance and avoid an explosion in the money supply.

Broad priorities for economic limits, the scrapping of "the National Enterprise Board and the Community Land Act, the sale of some North Sea assets, reduction of subsidies, and more effective cost control."

The Selsdon Group attacked the document for being "punctuated by too many concessions and exceptions." But Mr. Peter Walker, the former Tory Minister dropped by Mrs. Thatcher, claimed that it had the makings of a policy to unite the party.

Mr. Ray Perman, Scottish Conservative, writes: A Conservative Government would remove from the Scottish and Welsh Development Agencies their power to buy into profitable companies.

Mr. Alec Buchanan-Smith, shadow Secretary for Scotland, said in Edinburgh yesterday: Labour politicians will draw

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## LOMBARD

## Time for Japan to come clean

BY GEOFFREY OWEN

THE political pressure to restrict imports from Japan is building up rapidly and it is by no means confined to the U.K.; even West Germany appears to be joining in the campaign. The Japanese, while agreeing to voluntary restraints in a few cases, generally argue that there is nothing untoward about their methods of competition; if they happen to be able to produce things more efficiently and sell them more cheaply than their American or European rivals, that is surely what free trade is about—it is up to the rivals to put their own houses in order. The trouble is, many people don't believe them. There is a widespread suspicion, however unjustified, that the Japanese are out to destroy certain industries and that they are not too worried about the tactics they use to do it.

## Two-pronged

Nowhere is this more apparent than in the field of consumer electronics, and particularly the manufacture of colour TV tubes and sets. The theory is that the Japanese are engaged in a two-pronged attack to cut the European industry to pieces. On the one hand, they are getting themselves well entrenched in the market for small-screen colour sets, which European manufacturers have largely neglected. At the same time, they are selling colour tubes to those set manufacturers who have no tube-making capacity of their own—which means the great majority. When they have driven the European tube makers into the ground (ride the recent closure of Thorn's Skelmersdale tube plant), they then turn all their attention to the sale of complete sets and put the European set-makers out of business.

This may be a completely fanciful theory, but it is one that is being put forward with increasing vigour in Europe. (In the U.S. the story is much the same.) After Philips, the next largest European producer of colour tubes is Videcolor, jointly owned by Thomson of France and RCA of the U.S. It has plants in France and Italy and supplies independent set-makers as well as Thomson's own tube requirements. To judge from a recent article in *Le Monde*, the managers of the company are alarmed at what the Japanese have done in the U.K. and fear that the writing may be on the wall for the entire European TV industry—unless the EEC authorities wake up from their

lethargy and agree to a limitation on Japanese imports for the next three years.

It may be that in the long run the manufacture of colour TV sets will shift to low-cost countries like Taiwan and South Korea, but this will not happen for some time yet, and may never happen in the case of tubes. Given comparable labour costs (and in the U.K.'s case, a substantial labour cost advantage) there is no reason in principle why European manufacturers should not be able to compete with Japan. The European industry, after all, includes some of the most powerful and technically sophisticated companies on the scene. In the case of motor cycles the decline of the British industry about 30 per cent has been probably right to give up in despair in the face of the Japanese onslaught, but colour TV is a very different matter.

## Unconventional

If this is what the Japanese want, then they should say so at once—loudly, clearly and in some detail. No doubt companies will do it and it will be a highly competitive business, but the importance of the issue justifies unconventional treatment. Colour TV has become a touchstone of Japanese intentions. Those who are opposed to protectionism in all its forms and see no grounds for restricting imports of, say, Japanese cars, find something puzzling about the situation in colour TV. In cars the inability of U.K. manufacturers to meet demand has been the main factor behind the surge of Japanese imports and the limits on import controls would do nothing to put that right.

Some people in Europe have a concept of an all-powerful Japan Inc. working in mysterious ways to destroy jobs in Western manufacturing companies. The best way to disabuse people of this notion is to get out the facts, as frankly and fully as possible, of what the Japanese are doing and why they are doing it.

## THE WEEK IN THE COURTS

## Fixing the boundaries of special relationships

BY JUSTINIAN

AS A RESULT of the decision of Mr. Justice Croom-Johnson in *Argy v. Lapid*, the *Liquid Developments Ltd.*, this paper's insurance correspondent alerted all his readers on Saturday to the importance of attending to the insurance provisions in their leases.

On the actual dispute in the courts he contented himself with noting that, in the circumstances of that case, the landlord was held to be not responsible to the tenant for having failed to continue insurance coverage on the leased premises that had been arranged by the landlord, or at the least, that the tenant was not to be held responsible for the decision to discontinue the coverage.

He did not expatiate on the legal issues raised by the dispute, but left that to this column.

In 1971 a lease of warehouses and workshops in Wapping was granted for six years to Argy by Lapid. Under the lease Argy covenanted to insure the premises to keep the premises insured against loss or damage by fire. The insurance was to be for the full value of the premises and to include two years' rent. The insurers were to be chosen by Lapid.

The covenant further provided that if the tenant should fail to insure, the landlord could effect such insurance in his own name, the premium being paid by the tenant. The tenant was also obliged to reinstate the premises, using all the insurance moneys for that purpose.

The landlord covenanted that the rent should be payable by the tenant in the event of damage rendering the premises unfit for occupation until they should be reinstated.

## Taken over

When the lease commenced, the premises were insured by Lapid and Argy paid its proportion of the premium. Lapid renewed the cover for the premises for a further 12 months in January, 1973. Argy was willing to pay its proportion but no demand was ever made for it. In June, 1972, Lapid was taken over by the Bank of Scotland, which had its own insurance policy for the premises with Eagle Star. Lapid was not therefore insured. The bank took the view that there was no obligation on it to insure. Argy was responsible for that. But, not understanding the consequences, the bank assumed that the earlier coverage continued to be renewed and was not informed of the fact that the policy had lapsed.

In October 1973 there was a severe fire at the premises, which caused the loss of the contents. Argy issued a writ against Lapid claiming that the latter had agreed to take the fire insurance off its hands, but had not done so and that, by reason of that breach of obligation Argy had suffered loss and damage.

The cost of reinstatement of the premises fell to be paid out of its own resources. The dispute then was about who bore the cost of rebuilding.

Argy deployed various lines of attack to substantiate its legal claim. The last line of attack, which was the most successful, was that Lapid owed a duty of care to Argy in the matter of reinsuring the premises, or at least informing Argy of the lapse of the cover.

## Doctrine extended

Prior to that decision it had been accepted law in England that in the absence of contract or obligation owed to a person whom he could reasonably foresee would rely upon it in a matter affecting his economic interest, a duty to be honest in making that statement. He did not owe a duty to be careful, unless the relationship between him and the person who acted upon his statement to his economic detriment fell within the category of relationships which the law classified as fiduciary.

Hadley Byrne was a little further and said that the doctrine could extend to relationships which, though not fiduciary, possessed other characteristics. In that case it was a merchant bank that provided inaccurate information about the creditworthiness of one of its customers (the bank succeeded in resisting the claim only because the claimant was not a creditor of the bank).

The first question in the instant case was whether there existed a special relationship between Lapid and Argy. The relationship between a landlord and tenant, or ordinary, or a contractor, or a legal obligations and rights are spelt out in the terms of the lease.

In this case the arrangement for insuring the premises led

the judge to conclude that Lapid was acting as agent for Argy in executing the insurance and then claiming repayment of the premium. Ordinarily Argy was responsible for taking out the policy of insurance, but in practice it had been done by Lapid.

This led Mr. Justice Croom-Johnson to conclude, with some hesitation, that there was a special relationship between Argy and Lapid, at any rate for certain purposes, including the provision of insurance. That was the right conclusion, it would seem that a duty was cast on Lapid to take care in supplying information to Argy about the insurance policy, which would include the duty to inform Argy that the policy had lapsed and that Argy would no longer be relieved of the primary obligation to insure the premises.

But Mr. Justice Croom-Johnson surprisingly held that the duty of care owed by Lapid did not go beyond a duty then and there not to give negligent information. True, Lapid was morally bound to have told Argy at a later date that it was not renewing the information, but in failing to do so it was not in breach of any duty laid upon it by law.

A reasonable man checks his insurance from time to time, or at least annually. Argy did not check, and Lapid had failed to inform Argy that it had not renewed the policy. In other words the existence of the special relationship did not necessarily broaden the scope of the duty of care beyond what was strictly required by that relationship. It was limited to a duty to exercise care at the time when the duty was imposed to be discharged—in the first place.

The decision is almost bound to go to the Court of Appeal. If the appeal court agrees that there was a special relationship—and this point seems highly arguable—it would seem that Lapid will be held to have been negligent in failing to tell Argy of the lapse of the insurance. A duty of care is not a once-and-for-all obligation; it is a continuing obligation.

If so, a new chapter in the law's development in making commercial men liable for negligent misstatements will be opened. Silence can be as economically devastating as the supply of wrong information.

*The Times Law Report, September 28, 1976.*  
†(1984) A.C. 465.

## RACING

## BY DOMINIC WIGAN IN PARIS

## Fast-finishing Ivanjica is too good for Crow

IVANJICA, who returned to winning form when landing the Prix de Prince d'Orange in Paris a fortnight ago, won the 55th running of the world's most valuable race, the Prix de l'Arc de Triomphe, in remarkable style today.

M. Jacques Wertheimer's attractive bay four-year-old, whose sire Sir Ivor found just a narrow margin of victory in this race eight years ago, was among the back markers in the early stages, beginning to make headway only half a mile from home.

Weaving her way through a wall of beaten horses approaching the home turn with less than three furlongs to go, Ivanjica still had fully 12 lengths to make up on the leaders headed by Crow, Youth and Bruni as they raced into the final quarter-mile.

Driven for all she was worth by France's 29-year-old champion jockey Freddy Head, Ivanjica caught and passed the English St. Leger winner, Crow, 100 yards from the post to win going away.

Youth, who had always been

getting the worst of the argument with the runner-up, kept on sufficiently well to hold Norway's rank outsider Noble Dancer, the mount of Geoff Lewis. Bruni faded to finish sixth or seventh.

Bruni, who was given every chance by Lester Pngor, was simply not good enough, lying in 12th or 13th place in the 20.

**BATH**  
1.30—Billion\*\*\*  
2.00—Aldie  
3.00—Heracles\*\*  
3.30—Half Value  
4.00—Quiet\*

runner field for most of the way he made progress half a mile out to reach a challenging position. He could then find no more and it quickly became clear that the many cross-Channel visitors who had backed him down to 5-2 from an opening show of twice those odds were not going to win.

Pawness, too, was well out of contention in the closing stages.

having disputed the lead in the early part of the race with Kasteel.

For Freddy Head and his father, Alec, this was a third triumph in Europe's most valuable event, which on this occasion carried a record first prize of almost £183,000.

Freddy caused a major shock in the Arc 10 years ago when, carrying the grandfatherly Willy's Bon Mot Jit to victory and he again triumphed on an outsider in 1972 when he steered San San to a 14 lengths win over Kescosse.

Proceedings lost a little of their glamour for Freddy on returning to the winner's enclosure. He was thrown from and was caught only after colliding with a running rail.

English visitors disappointed with Bruni's showing, had had a profitable race earlier when the 7-1 chance Gentilhomme, trained by Neil Adair and ridden by Terry McDermott, decimated the field.

Pawness, too, was well out of contention in the closing stages.

## SOCCER

## Fulham's stars dimmed

ALTHOUGH THE chance to compare the winning Cup finalists of 1976 with the losers of 1976 increased the interest in the Second Division match at the Dell, the main reason for the capacity crowd was the presence in the Fulham side of their new, box office pair, Best and Marsh.

Both had to leave the field long before the finish, Best being sent off for a colourful verbal protest about a free kick awarded against Moore which produced the vital second goal, Marsh limping off shortly afterwards, victim of a rather heavy tackle which went unpunished.

Reduced to ten men and minus their two stars, Fulham distinguished themselves by a determined and allowed Southampton, who had survived a bitter battle in France earlier in the week, to achieve their first League win of the season, by 2-0.

The dismissal of Best soured and ruined what had been a clean, reasonably entertaining game. Without conceding Best's behaviour, I feel sure that many referees would have been able to deal with the situation without resorting to the ultimate penalty. It again emphasised the gap dividing amateur and professional football.

never personally experienced the pressures of professional sport from the players.

Earlier, the referee, Mr. Shapter, had booked Vassan for a minor foul, but he ignored several worse offences caused by the frustration of the closing stages.

Southampton, in shirts more appropriate to a Victorian football team, gained an early lead through a goal well taken by their newly-acquired striker, MacDougall, and dominated the opening stages. Fulham, who have been enjoying a successful season, were unable to put the issue beyond all doubt.

Although Southampton were plainly delighted by their victory, which should ease their relegation worries, they did not resemble promotion men. In fact, it was difficult to see why Fulham were not celebrating.

On the other hand, it was easy to understand why Fulham are pulling in the fans. There is a fun and freedom in their style, even though the laughter departed on Saturday, but doubts must arise as to whether they possess both the character and the discipline needed to wage a long, hard campaign.

flashes of brilliance at a pace nobody else remotely approached.

Immediately after the interval there was an interesting period of cut and thrust by the two protagonists, with the chance of the home team going further ahead or the visitors levelling accounts equally balanced. This was ended when Blyth headed home the disputed free kick. Then a penetrating run by Marsh, just before his injury, allowed Mitchell to put Fulham back into the contest for a few moments. However, further goals from Blyth, another header from a free kick and MacDougall put the issue beyond all doubt.

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TREVOR BAILEY

## TV/Radio

† Indicates programme in black and white.

**BBC 1**

7.05 a.m. Open University (UHF only). 9.25 For Schools, Colleges, 10.45 You and Me. 11.00 For Schools. 12.45 p.m. News. 1.00 Pobble Mill. 1.45 Chigley. 2.01 For Schools. 3.50 Regional News (except London). 3.55 Play School. 4.30 Deputy Dawd. 4.35 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.15 Potter's Pictorial Palace. 5.30 News. 5.35 Nationwide. 6.30 Some Mothers Do 'ave 'em. 7.30 Arelec. 8.10 Panorama.

England—5.55-6.50 p.m. Look North (from Leeds, Manchester, Newcastle). 7.00-7.15 Horse of the Year Show. 10.45 To-night. 11.25 Weather-Regional News. All regions as BBC 1 except at the following times: Today Wales—1.45-2.00 p.m. Pili Pili. 2.18-2.33 For Schools (Let's Look Chigley). At Wales. 3.55 Wales Today. 6.30-7.20 Heddw. 11.25 News and Weather for Wales. Scotland—3.55-4.50 p.m. Reporting Scotland. 10.45 Post Impression of the Scottish painter J. D. Fergusson. 11.25 News and Weather for Scotland. Northern Ireland—3.55-4.55 p.m. Northern Ireland News. 5.35 Scene Around Sir. 6.35-6.50 Land 'n' Larder. 11.25 News and Weather for Northern Ireland.

**BBC 2**

6.40 a.m. Open University. 11.00 Play School. 11.25 Open University. 12.35 Open University. 7.05 Carry On Learning. 7.25 Weather. 8.20 The Morecambe and Wise Show. 9.00 I. Claudius. 9.50 Yesterday's Witness in. 10.40 More Time. 11.10 Late News on 2. 11.20 Close-down: John Westbrooke reads 'Leaving a Room' by Elizabeth Jennings.

**LONDON**

9.30 a.m. Schools Programmes. 10.00 Chorton and the Wheelies. 12.10 p.m. Rainbow. 12.30 A Place in Europe: Greece: The Island of Hydra. 1.00 News and weather plus FT index. 1.20 Lunchtime Today. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Monday Matinee. Silver Lining. 3.00 John Payne, Elizabeth Scott and Dan Duray. 3.30 Emmerdale Farm. 4.30 Clapperboard. 4.45 Nobody's House. 5.15 Today (part 1). 5.45 News. 6.00 Today (part 2). 6.15 Cilla's World. 6.45 Opportunity Knocks. 7.30 Coronation Street. 8.00 George and Mildred. 8.30 World in Action. 9.00 The Sweeney. 10.00 News. 10.30 The Playwright: Henry Livings.

**CHANNEL**

1.20 a.m. Channel News and News on 1. 2.20 a.m. News on 2. 3.20 a.m. News on 3. 4.20 a.m. News on 4. 5.20 a.m. News on 5. 6.20 a.m. News on 6. 7.20 a.m. News on 7. 8.20 a.m. News on 8. 9.20 a.m. News on 9. 10.20 a.m. News on 10. 11.20 a.m. News on 11. 12.20 a.m. News on 12. 1.20 a.m. News on 1. 2.20 a.m. News on 2. 3.20 a.m. News on 3. 4.20 a.m. News on 4. 5.20 a.m. News on 5. 6.20 a.m. News on 6. 7.20 a.m. News on 7. 8.20 a.m. News on 8. 9.20 a.m. News on 9. 10.20 a.m. News on 10. 11.20 a.m. News on 11. 12.20 a.m. News on 12. 1.20 a.m. News on 1. 2.20 a.m. News on 2. 3.20 a.m. News on 3. 4.20 a.m. News on 4. 5.20 a.m. News on 5. 6.20 a.m. News on 6. 7.20 a.m. News on 7. 8.20 a.m. News on 8. 9.20 a.m. News on 9. 10.20 a.m. News on 10. 11.20 a.m. News on 11. 12.20 a.m. News on 12. 1.20 a.m. News on 1. 2.20 a.m. News on 2. 3.20 a.m. News on 3. 4.20 a.m. News on 4. 5.20 a.m. News on 5. 6.20 a.m. News on 6. 7.20 a.m. News on 7. 8.20 a.m. News on 8. 9.20 a.m. News on 9. 10.20 a.m. News on 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by MAX LOPPERT

## WORLD TRADE NEWS

## Slowdown in W. German exports to OPEC states

BY GUY HAWTIN

FRANKFURT, Oct. 3.

THE GROWTH rate of West German exports to the oil producing countries has slowed considerably from last year's dramatic 60 per cent. which saw sales up to DM18.7bn. (€18.7bn.). However, during the first half of the year they still increased by 21.6 per cent.

Federal Government statistics show that at the half year mark West German exports to member states of the Organisation of Petroleum Producing Countries (OPEC) totalled DM9.1bn. (€9.1bn.). The fastest growing markets this year are Qatar, where sales were up 118.2 per cent. to DM98m. and Saudi Arabia, where they went up by 118.8 per cent. to DM1.54bn. (€1.54bn.).

Last year, West Germany's oil demand was severely curbed by the recession and, naturally enough, imports from OPEC nations declined by 15 per cent. to DM20.3bn. With this year's recovery, demand for oil has also increased—but no faster than that of the growth in exports.

January to June imports from OPEC were up by 21.4 per cent. to DM11.32bn. (€11.32bn.) and it seems that the trade deficit in OPEC's favour will widen further this year. The deficit in the first half amounted to DM2.21bn. (€2.21bn.), compared with a figure of DM3.2bn. (€3.2bn.) for the whole of 1977.

In the first half of the year, Libya regained its place as West Germany's largest supplier of oil, displacing both Saudi Arabia and Iran who last year were first and second respectively. First half oil imports from Libya rose

half oil imports from Libya rose

IMPO-EXPO  
Helping self-help along

BY JAMES SUXTON

TO-DAY BRITAIN starts a three week programme to instruct 42 developing countries in selling their goods in the U.K. market. In a country with a big trade deficit and a raging debate about import controls, it can hardly be done with impunity.

The aim of Impo-Expo is to help developing countries sell goods other than their traditional export commodities. Each of the 42 countries involved has sent two delegates to London at Impo-Expo's expense and another 80-odd have come at their own or their government's expense. The first week will consist of a marketing seminar, part of the time concentrating on their specialities grouped as food, textiles, handicrafts and timber and chemicals.

The exhibition proper will be opened by Mr. Reg Prentice, Overseas Development Minister, on October 12. After the four-day exhibition the third week will be spent following up contacts, under the supervision of the professionals, principally from the Import Opportunities Office of the London Chamber of Commerce which, under Mr. Iain Laprak, is staging the programme.

About half the £150,000 cost of

the project is being borne by the EEC, while the ODM is paying about a quarter and the Commonwealth Fund for Technical Assistance is providing the actual marketing output. The 42 participants include Impo-Expo officials point out that both ACP and non-ACP countries, with representatives from Latin America, both English and French speaking. In many fields, such as exotic food and drink, the developing Arab world and south-east Asia, Tonga is also exhibiting. The goods on display will

Britain is staging a programme to help developing countries sell their goods here. Some British manufacturers feel threatened

include such unexpected items to the English shopper's life. The as skiing gloves from Pakistan, consumer also benefits in the frozen frogs legs from Bangladesh, white Arak from Sri Lanka, glass bottles from Zambia, gum arabic from Sudan, stores and the major shops on ceramics from South Yemen, side the capital.

Where British manufacturers feel directly challenged complaints have been made—notably by the British Plastics Federation about the many plastic and rubber products Impo-Expo is

promoting, and by the electronics industry about digital clocks, calculators, tape recorders and components from Far East exhibitors. Probably the bitterest complaints have come from the leather makers and the footwear industry which have seen leather imports into Britain rise by about 350 per cent. between 1971 and 1975. The British Leather Goods Manufacturers Association feels that Impo-Expo has ignored the problems of British industries.

Impo-Expo's reply comes straight from the textbooks of free trade. It argues that in many fields British manufacturers must face the fact that developing countries, with raw materials on their doorstep and often the latest machinery, must eventually overtake their British counterparts, especially in leather and textile manufacture. It is not fair to the British consumer to protect the home market with high tariffs.

The threatened industries, it is suggested, should go into joint ventures with the developing countries, offering their design and marketing expertise. In the long run Britain must concentrate on high technology goods which developing countries can pay for out of their less sophisticated exports to the U.K. As the Chancellor of the Exchequer stressed at Blackpool last week, trade must be a two-way business.

## Japanese to build new Abu Dhabi airport terminal

BY KATHLEEN SHTAWI

DUBAI, Oct. 4

THE JAPANESE construction industry scored another success in Abu Dhabi this week-end with the award by the Abu Dhabi Department of Public Works of a \$92m. contract for the construction of the terminal building of the new airport. The new terminal is to be built on a 100-acre site in the desert, replacing the old terminal which is now being demolished. The new terminal is to be built on a 100-acre site in the desert, replacing the old terminal which is now being demolished. The new terminal is to be built on a 100-acre site in the desert, replacing the old terminal which is now being demolished.

## Airlines in no hurry for new medium-range jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DECISIONS ON the development of a new medium-range jetliner by the major U.S. manufacturers, such as Boeing and McDonnell Douglas, may be delayed for some time, as a result of a trend among major airlines to buy more of the existing types of jets.

This trend has become particularly apparent in the U.S. in recent months, and was confirmed at the end of last week when United Airlines, the biggest in the Western world, decided to buy 28 more Boeing 727-200 medium-range jetliners, at a cost of \$330m. (over £220m.), to replace some of the older jets in its fleet.

While United stressed, in announcing its orders in Chicago, that this did not mean it was no longer interested in the possibility of buying a new-generation jet for the 1980s, the latest order, while using up a good deal of United's spare cash resources, indicates that it is in no hurry to commit itself to expensive new technology aeroplanes.

A similar attitude appears to prevail elsewhere. American Airlines, for example, earlier in the summer ordered 16 more 727s, worth about \$150m.

The Boeing 727, in all its versions, is now the world's best-selling jet, with 1,945 sold (excluding the United order which is still subject to contract), and more than 1,200 delivered. Demand for this and other jets is such that Boeing is to increase the combined production rate next spring of 727s, 737s and 747s from the current nine a month to 13 a month. This year alone Boeing has won orders for 144 jets, including 102 727s.

Both American and United have been widely regarded hitherto as key airlines in the struggle to determine what new medium-range jet will be built for the 1980s. Together with such other airlines as Delta, Eastern and Braniff, they have been regarded as possible launch customers, without whose support no manufacturer could afford to put any new model into production.

## Assoc. Biscuits deal

BY ELMOR GOODMAN

ASSOCIATED BISCUITS, has British competitor, United Biscuits, has been exporting to Japan for some time. Last year it sold about 250,000 worth of biscuits there and it is hoped that, as a result of the licensing agreement, sales will reach at least £1m. next year. The agreement with Nissin, the Japanese company, will enable Associated Biscuits to manufacture a range of biscuits for sale in Japan and the Japanese market. Associated Biscuits is the Japanese company in the Caribbean and with Pan Lido SA of Associated Biscuits, like its El Salvador.

## Yugoslavs plan new Fiat

CRVENA ZASTAVA of Yugoslavia and Fiat of Turin have signed an agreement on developing a new mini car, the Zastava 102, of up to 1,000 cc, AP-DJ reports.

The Yugoslav concern will start production of new cars in 1979, with a series of 50,000 units which is considered to be in for distribution of the Fiat accord with the potential absorption of this car on the new centre in and foreign markets. Fiat will be a significant supplier of equipment and tools for about 25,000 Lada cars a year.

## CONTRACTS

● Sudan's National Shipping Line is to tender this month for six new vessels totalling 40,000 tons at an estimated cost of \$75m. Lloyds of London has been retained to process the tenders. The existing 35,000-ton fleet comprises six freighters plus a seventh on charter from Holland.

● The SNC Consulting Group of Montreal will do engineering and project management for a \$200m. dam and power station near Kairouan in Tunisia, for the Tunisian Government. Completion is set for 1982.

● TAC Construction Materials is to supply approximately 8,000 tonnes of asbestos-cement pipes and fittings worth over \$10m.

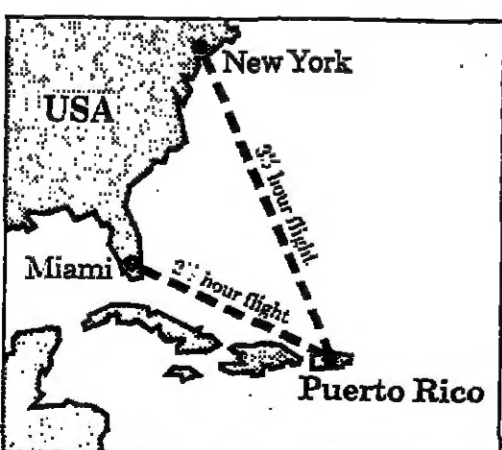
## World Economic Indicators

	Aug. 76	July 76	June 76	Aug. 75	Change on earlier year
U.K.	158.5	156.3	154.0	139.3	12.0 1976=100
U.S.A.	171.1	171.1	170.1	162.8	8.3 1972=100
France	168.4	167.2	165.4	154.2	14.2 1970=100
W. Germany	139.3	138.9	140.0	134.2	5.1 1970=100
Holland	171.3	169.9	170.4	158.2	13.1 1969=100
Italy	199.4	198.4	197.3	171.4	28.0 1970=100
Japan	182.1	182.1	182.1	172.4	9.7 1970=100
Belgium	155.4	155.4	154.3	142.3	13.1 1970=100

## Why you can make up to 7 times more profits in Puerto Rico/USA than anywhere else in the United States.

100% tax exemption. High worker morale. Reasonable wages. Financial support in training of labour. These are only a few of the many reasons why average profits are so much higher in Puerto Rico than on the U.S. mainland. Read on for details on why there is no better location for your factory in the U.S. than Puerto Rico/USA.

Puerto Rico is a part of the USA. Goods made here enter the U.S. market duty-free. When you manufacture here, you manufacture on American soil, under the American flag, under the protection of the American Constitution. What you produce here bears the seal "Made in USA". The difference: American tax laws do not apply in Puerto Rico.

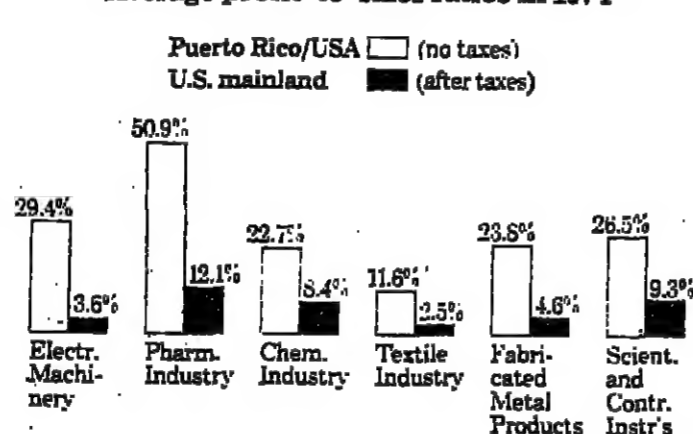


Ideal sea and air connections. 1000 flights weekly between Puerto Rico and the mainland. Fast container ships. Only 60 hours to New York. Attractive freight rates.

## 100% tax exemption

In Puerto Rico you pay no U.S. personal or corporate income taxes. And the Puerto Rican government will also exempt manufacturers from all local corporate income and property taxes. This 100 percent exemption can be for up to 30 years, depending on the location of your plant.

Average profit-to-sales ratios in 1974



Sources: Commonwealth of Puerto Rico, EDA 1976  
FTC Quarterly Report of Manufacturing Corp., 1975

## High worker productivity

Worker morale in Puerto Rico is good — as good as on the U.S. mainland. Despite the fact that wages are lower in Puerto Rico, with personnel costs averaging two-thirds the level on the mainland, the productivity is higher.

## Training of labour, ready-to-occupy plants

To enable you to start production on schedule, the government helps you to recruit and train your future employees. In many cases the government even bears all the costs of training. Puerto Rico/USA is no backwater, but a highly developed industrial land. Ready-to-occupy factory buildings are available. Rents start as low as U.S. \$ 0.75 per square foot per year.

## Modern infrastructure

Puerto Rico has an excellent network of more than 6000 miles of roads. A new motorway connects the north and south coasts. There are 1000 flights weekly between Puerto Rico and the U.S. mainland. A modern harbour for container ships is open for traffic in San Juan. Near the harbour of Mayaguez is the first duty-free foreign trade zone to be established by the U.S. government outside the U.S. mainland. It provides these additional incentives:

1. Duty-free entry of foreign raw materials.
2. No U.S. duties on products to be exported to other countries.

## The bottom line: maximum profits

Did your company make 29.4 percent profit last year? Or 50.9 percent? These were the average profits, respectively, for the electronic and the pharmaceutical industries in Puerto Rico/USA in 1974. And the profits can be transferred.

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There is none. We offer you more because we have to. Puerto Rico/USA needs employment. That's why the government has developed a programme of incentives with no parallel in the United States. For full details on these and other incentives that may be important to you, mail the coupon below. You'll find out why more than 1000 U.S. and foreign manufacturers are already operating in Puerto Rico/USA.

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Computers - Potentiometers - Panty Hose - Heat Transfer Printing - Television Sets - Gyroscopes for Aircraft - Watches - Relays + Controls - Jeans - Asbestos Gloves - Washing Machines - Fractional Horsepower Motors - Storage Batteries - Steel Pipes - Ball Bearings - Firearms - Shavers and Scissors - Cosmetics - Benzene - Butylene - Hydrochloric Acid - Polyvinyl Chloride - Blood Glucose Reagents - Antibiotics - Sreaters

To: Commonwealth of Puerto Rico  
Economic Development Administration  
Dept. D7, Zürich-Haus-Pavillon  
Am Opernplatz, D-6000 Frankfurt/Main  
Federal Republic of Germany  
Telex: 4189257

Please send me further information on establishing a manufacturing operation in Puerto Rico/USA.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_  
Branch of Industry \_\_\_\_\_  
I am interested in manufacturing the following products in Puerto Rico/USA:

Puerto Rico/USA

هكمان الدول

OVERSEAS NEWS

# World Bank chief warns: Vital that rich States step up aid to poor

BY REGINALD DALL

MANILA, October 4

MR. ROBERT McNAMARA, President of the World Bank, today called for a new "global compact" between rich and poor nations to eliminate world poverty by the end of the century.

Mr. McNAMARA said that the overall goal of the World Bank is to help the poor countries to develop their economies and to improve the living standards of their people.

He said that the World Bank is currently providing about \$10 billion in aid to the poor countries each year, but that this is not enough to meet the needs of the world's poor.

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# Ford weighs whether to sack Butz over racist remarks

BY JUREK MARTIN, U.S. EDITOR

—WASHINGTON, Oct. 3.

PRESIDENT FORD will decide some time this week what to do about his Secretary of Agriculture, Mr. Earl Butz, whose obscene racist remarks about black people have suddenly become a major Presidential election issue.

The President's decision will be made after he has consulted with his advisers and after he has seen the reaction of the public.

Mr. Butz's remarks were made in a speech to the National Association of Manufacturers in New York City on September 29.

He said that black people were "a drain on the economy" and that they were "not contributing to the production of goods and services."

He also said that black people were "a burden on the white man" and that they were "not doing their part to help the country."

# Turkey martial law hint

BY METIN MUNIR

ANKARA, Oct. 3.

MR. SULEYMAN Demirel, the right-wing Turkish Prime Minister, has started following a tough line towards the left-wing and spoken of the possibility of declaring martial law.

He said that the left-wing was a threat to the stability of the country and that he was considering taking drastic measures to deal with it.

Mr. Demirel said that he was considering declaring martial law in some parts of the country if the left-wing continued to cause trouble.

# Nigerian oil production rises

BY OUR OWN CORRESPONDENT

LAGOS, October 3.

NIGERIA to-day promised oil companies adequate incentives to encourage greater exploration and production of crude oil.

The federal government is determined to ensure and maintain a healthy and mutually beneficial relationship between it and oil producing companies.

Gen. Obasanjo said that the oil production in Nigeria had risen to 1.5 million barrels per day, up from 1.4 million barrels per day in September.

He said that the government was committed to increasing oil production and to providing incentives to the oil companies.

# THE ITALIAN ECONOMY

# A testing time ahead for lira

BY DOMINICK COYLE

ROME, Oct. 3.

THE ITALIAN authorities expect the lira to make a strong recovery in the coming months, but they also expect a testing time ahead for the currency.

The government is currently negotiating with the International Monetary Fund (IMF) for a loan to help it deal with its economic problems.

The IMF has agreed to provide a loan of \$1.5 billion to the Italian government, but it has also imposed conditions on the loan.

These conditions include a requirement that the Italian government must implement a series of economic reforms, including measures to reduce inflation and to improve the balance of payments.

# Soviets call on Assad to withdraw

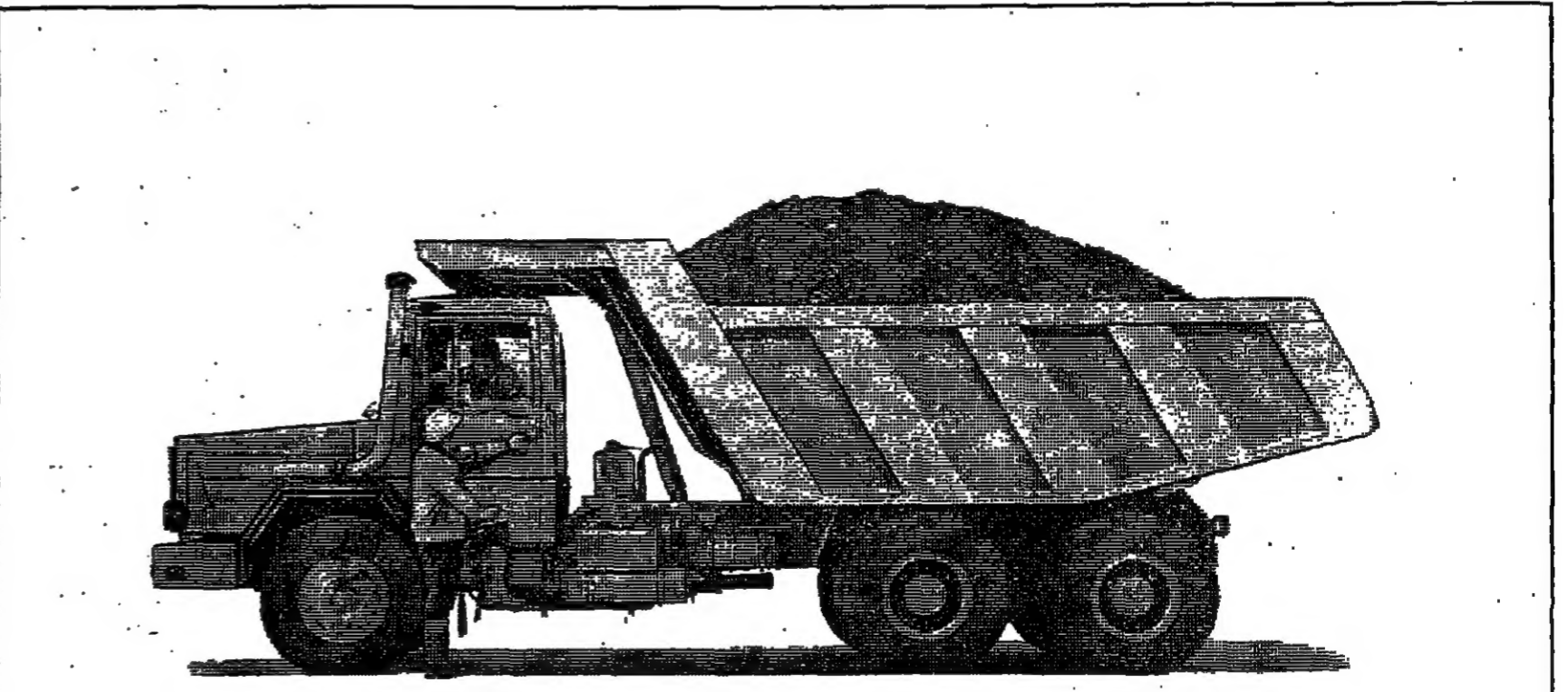
By Our Own Correspondent

BEIRUT, Oct. 3.

THE Soviet Union, increasingly opposed to Syrian military intervention in Lebanon, has called on President Hafez al Assad of Syria to halt his forces' operations against the Palestinians and their Lebanese left-wing allies.

The Soviet Union has also called on the Syrian government to withdraw its forces from Lebanon.

The Soviet Union said that its intervention in Lebanon was a violation of international law and that it was a threat to the stability of the Middle East.



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cialists have created Iveco. Iveco combines the best of all five makes. And gives a new international dimension to their knowledge and their experience.

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FIAT, OM, LANCIA, UNIC, MAGIRUS-DEUTZ. Iveco. Experience takes on a new dimension.

# UAW peace hopes rise

BY JAY PALMER

NEW YORK, Oct. 2.

HOPES ARE increasing in Michigan to-day that the 18-day-old U.S. Auto Workers strike against Ford Motor may be nearing an end.

Over the last few days, bargaining sessions have been continued into the evening amid strong hints from both sides that many of the dispute's key issues have been settled.

The United Auto Workers union called off its 265,000 Ford workers on September 14 when its old three-year labour contract expired.

Since then, Ford's production lines have been idle and there are now already signs that the company's many suppliers are beginning to be hurt by lost orders.

# Ford boosts anti-trust legislation

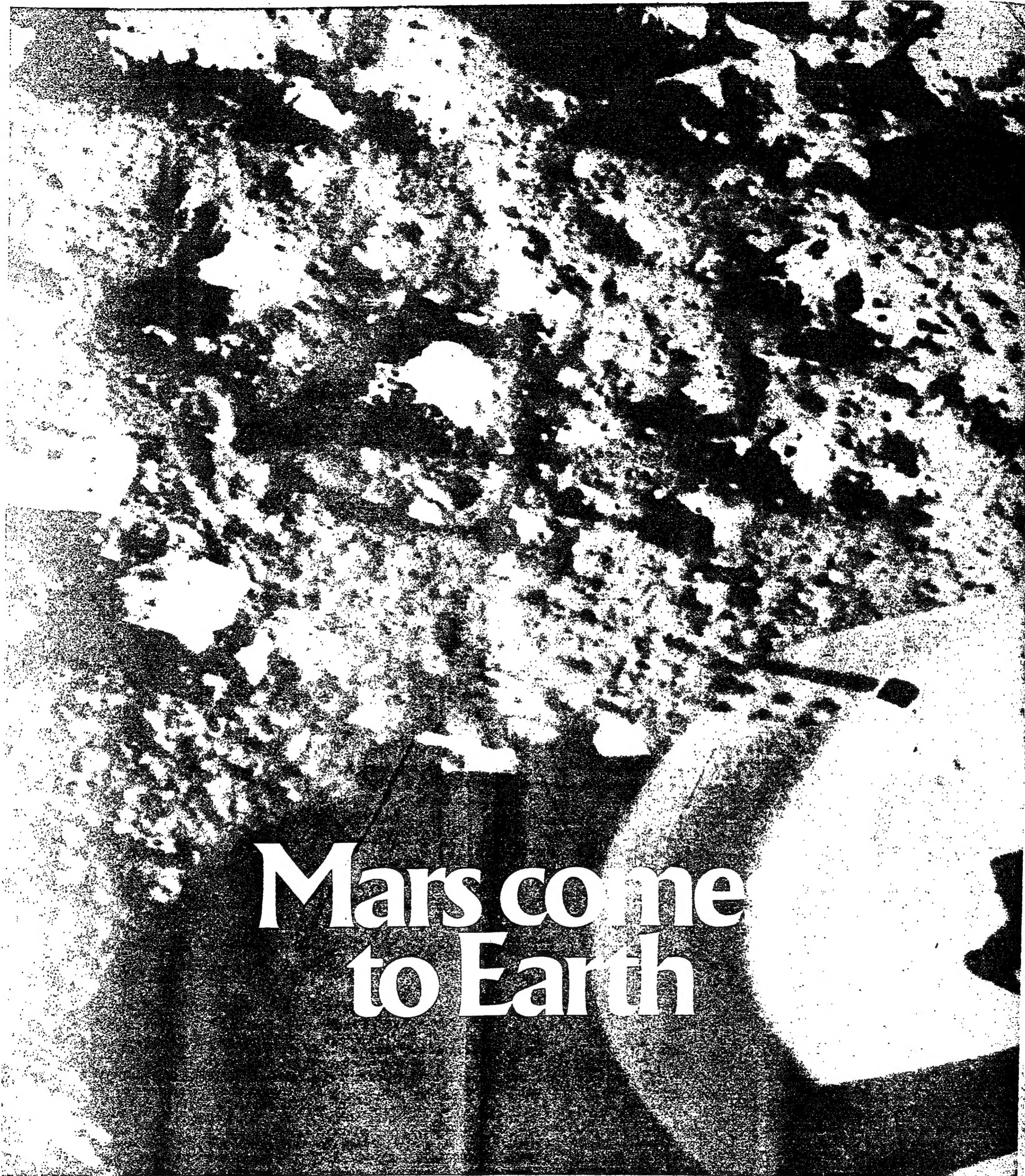
By Jay Palmer

NEW YORK, Oct. 3.

PRESIDENT FORD has signed into law a Bill that dramatically expands the powers and scope of existing U.S. anti-trust legislation.

The new law gives the Federal Government extra powers to demand the production of documents and testimony to aid its investigation into civil violations of anti-trust laws.

It also secures an extra preparation period for the Government's anti-trust groups by demanding that companies of above a certain size planning mergers give notification well in advance.



# Mars come to Earth

**with the help of Lockheed spacecraft recorders.**

The spectacular NASA photographs and secrets of the Martian soil beamed to Earth from Viking are helped along the way by Lockheed tape recorders nestled in the spacecraft.

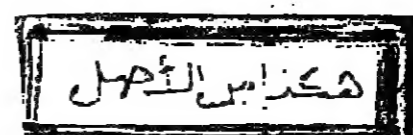
The Lockheed recorders in the Viking Lander and Viking Orbiter enable NASA scientists to store and play back millions of bits of history-

making photographs and scientific discoveries to earth stations.

Achieving success in space is an old story for Lockheed recorders. They have contributed to Mariner-Mars 6, 7 and 9 and Mariner-Venus-Mercury 10. They have participated in all Apollo missions. And they will be in the Jupiter-Saturn fly-by mission to be launched in 1977.

**Recorders that meet the exacting demands of space.**

**One of the technological achievements of the 55,000 workers at Lockheed.**



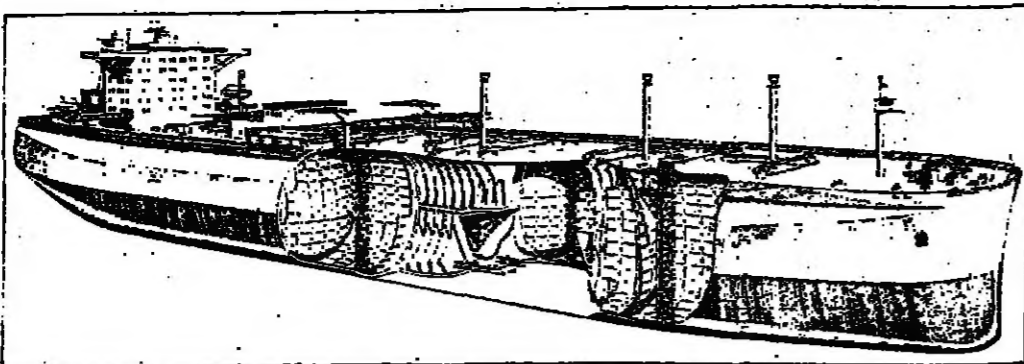
## Londonderry joins firemen's dispute

## THE BROADLY BASED BANK.

The new LNG bulk carrier concept that was once a joke becomes a reality, reports John Wyles

# The shipshape concrete

Cut-away impression of 128,000m<sup>3</sup> concrete LNG carrier



THERE ARE bound to be moments of light relief at a conference on gas technology in New York this week, but some of the biggest laughs look certain to be earned by the announcement of a 950 feet long ship made of concrete which is designed to carry more than 128,000 cubic metres of liquefied natural gas.

The notion of a concrete gas (LNG) carrier will sound as absurd to many a shipbuilder and shipowner as it does to the layman. But the four years and \$5m. spent on developing the design has convinced its sponsors that cynical disbelief can quickly be transformed into commercial interest.

The developers, an Anglo-American-German team, will cite the technical endorsement of Lloyd's Register of Shipping, one of the world's leading classification societies, and an impressive analysis of the ecological and economic advantages of their concrete Colossus to back up their argument that the shipping industry should take their design seriously.

"The world needs this ship and somebody had to design it. Of course we aim to make money but we are extremely proud to be the first to unveil this design," says Mr. Manfred Schubert, managing director of Tampine Oil, a British oil trading company now a subsidiary of the Ingram Corporation of New Orleans.

Mr. Schubert has been a prime mover in developing the project which began with a meeting in 1970 with Mr. William Carvill, an American designer of some reputation who was obsessed with the belief that concrete was a far better medium than steel for carrying LNG at the required temperatures of up to -160° C.

Carvill was encouraged to research more deeply and he came into contact with Dr. Ulrich Finsterwalder, a technician in concrete who had been involved in the building of concrete ships and barges for the German navy during the war.

Dr. Finsterwalder was also a Board member of Dyckerhoff and Widmann, a widely respected German concrete construction company. He became convinced of the practicability of a concrete LNG carrier.

As studies progressed, and Dyckerhoff and Widmann and Tampine

finally created a joint company to market the design, Dyman's aim is to win a share of some of the business which the energy world confidently predicts will be generated by the emergence of LNG as a major energy resource during the 1980s.

Like oil, LNG will have to be transported mainly from countries such as Algeria, Indonesia and Iran which are far from the industrialised, to energy hungry countries of North America, Europe and Japan. It has been predicted that at least 60 and possibly more than 100 new LNG carriers will be needed for these trades during the next decade.

After studies rating more than 2,000 computer hours and long presentations to Lloyd's Register, Mr. Al Stanford, a former Esso executive and now a director of Dyman, believes that he has most of the answers as to why LNG should be transported by concrete rather than steel ships.

LNG carriers, among the most technologically advanced ships, are now extremely expensive to build. Their cargo has to be carried in specially designed tanks manufactured of materials capable of withstanding the very low temperatures of the gas.

Double hulls for the vessels and a variety of tanks and insulation systems have been developed for safety reasons. Dyman claims that because of the special characteristics of concrete, the tanks can be an integral part of the concrete hull rather than separated hull as in conventional LNG carriers.

monolithic construction of pre-stressed concrete, reinforced longitudinally and transversely by stressed and unstressed high quality steel rods.

Concrete's ability to withstand the very low temperatures associated with LNG would be of only academic interest but for the economic and ecological cards which Stanford believes will complete his winning case at the New York conference.

After a thorough analysis of probable costs, Dyman says that the concrete ship is cheaper to build, \$108m. for end 1978 delivery compared with \$122m. for a similar 128,000 cubic metre steel vessel, and significantly cheaper to operate.

## Safety

Concrete will not corrode like steel and will not therefore need the same maintenance. It is reckoned that the new design can operate for an average of 333 days a year compared with 340 for the conventional ship.

It is claimed that this and other factors included in the illustration mean that operational and maintenance savings for the concrete ships are calculated at almost \$1m. a year.

Computing the costs on an existing LNG trade route, Dyman says that the concrete vessel, in each of its first 12 years of operation would save \$2.1 per cubic metre of LNG which amounts to more than \$250,000 per voyage.

On top of these powerful economic reasons for "going concrete" the designers attribute

superior safety characteristics to their creation. These could be crucial as far as the U.S. is concerned where the environmental lobby has already shown concern about the possible dangers of LNG carriers, seen by many as potential floating "time bombs".

Among other things, Dyman says that concrete and steel together have a fatigue strength far greater than steel alone, and that the design has a far greater capacity to withstand the impact of a collision or of an explosion.

There seems little doubt that Dyman's conception in concrete is going to become a major talking point in the shipping world. The company has lined up three shipbuilders in the U.S., Europe and Japan which already have experience of LNG construction and which are prepared to build the design.

However, the ships are built quality control of the construction of the concrete hull will be guaranteed by Dyckerhoff and Widmann.

There is nothing new about a concrete ship—the first such cargo vessel was built in Norway in 1917. More were produced during the two world wars. But as Stanford says, concrete was only thought of as a substitute for the real thing, largely because the economies of steel remained superior for most types of ships.

However, in the case of LNG, concrete would appear to be simplifying the technology of its transport with resulting economic savings. That could wipe the smiles of a few faces in New York.

## WHAT AWAITS THE CONSERVATIVE PARTY CONFERENCE

# Getting all tarted up for another talk-in

BY MICHAEL THOMPSON-NOEL, IN BRIGHTON

YOU HAVE to hand it to Brighton. With all the vitality of a Regency tart, the town is now smoothing down its petticoats, remodeling its face, flirting with foreign admirers and beginning to talk and think about itself as the first genuinely cosmopolitan resort that Britain has seen.

Over the past ten years, in common with other coastal resorts, the town has increasingly lost out to the domestic expansion in holidays abroad. Its number of bed spaces—that come yet effective barometer of a resort's popularity—has gradually fallen, and it seemed that Brighton might be slipping into spinsterly decline.

But not any more. The key to its resurgence and self-confidence is its growing importance as a conference town. The Conservative Party will be here this week, just as the TUC was here last month.

## Addicted

Whereas this week's Tory talk-in will be housed in the Hotel Metropole, which overlooks the sea, next year's Labour Party conference in Brighton will be one of the first staged in the town's new £8.5m. conference centre being built 200 yards away along the promenade.

It sometimes seems as though the West is becoming addicted to holding conferences so that everyone, from the Women's Gas Federation and Soroptimists International to the worldwide Church of God and the Institute of Solid Wastes Management, huddles about, often transatlantically, in search of capitals and resorts that are big enough and bold enough to take them.

But conference business is big business and the Brighton Centre, which will be the biggest purpose-built establishment of its kind in the country, when it

opens next autumn, will—according to the Town Hall—enable Brighton to fight for its share of this lucrative market alongside other major European conference venues like London, Hamburg, Paris, Amsterdam and Copenhagen.

This is why Brighton is now projecting itself as an international resort. At present, one in three visitors to the town during the height of the season (and one in five over the year as a whole) are from abroad.

This year, it will probably attract 90,000 conference delegates and their wives who will spend more than £25m. in the town on top of its earnings from general tourism of around £40m. to £50m.

From next autumn, the number of delegates and wives will move to around 135,000 annually, and conference earnings should jump to about £25m. The new centre will hold up to 5,000 delegates and offer 25,000 square feet of exhibition space.

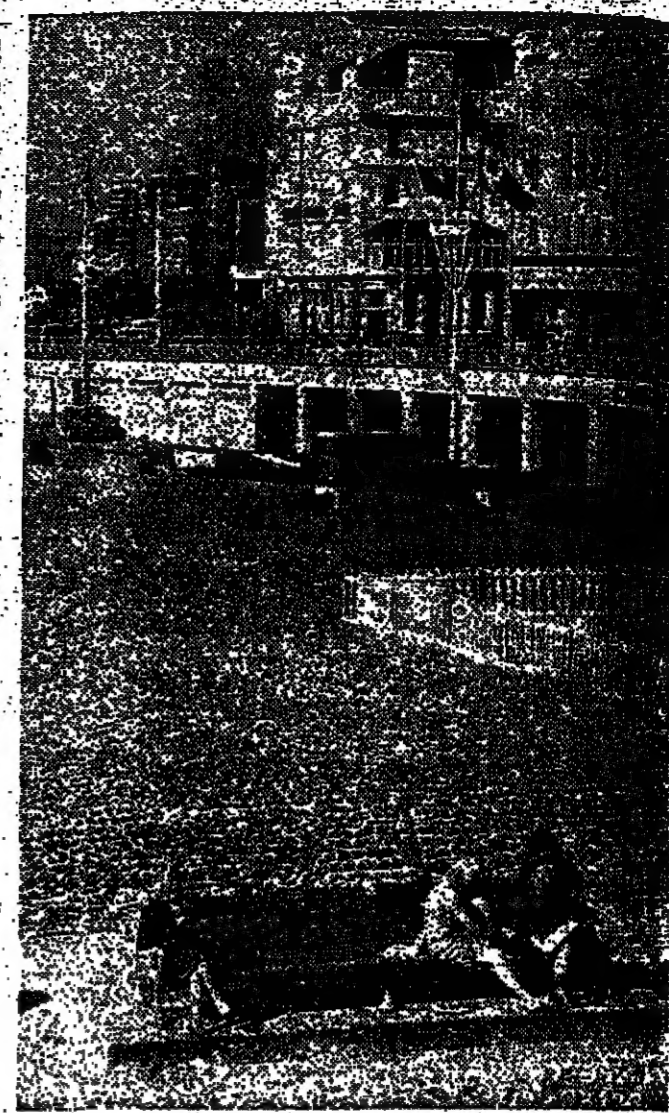
The first scheduled conference in the new Centre is the Lions International Europa Forum, booked for next September 21-24, followed by the Labour Party next October. Further ahead, the TUC and the Conservative Party conferences are provisionally booked there for 1984. (They've got to meet somewhere in 1984.) Ten big international conventions are already booked into the new building.

## Vitality

Apart from the Brighton Centre and the Metropole, the town's other top conference venues (some of them tourist attractions in their own right) include the Dome, the Corn Exchange and the Royal Pavilion as well as a clutch of hotels, from the Grand, the Bedford and the Old Ship, each with more than 100 bedrooms, to the Beacan Royal, and the Wheeler's Sheridan, with under 50.

A second facet to the town's new vitality and expansionism is the Brighton Marina, a large-scale project which will provide moorings for more than 2,000 yachts and will eventually include hotels, restaurants, pubs, shops and a yacht club. Among the backers are EMI, National Westminster Bank, Royal Insurance Group and the Electricity Council. Pension Funds.

Brighton's attractions as a resort differ vividly from those of Blackpool. Britain's other super-heavyweight conference resort, where as Blackpool is



gawdy, grimy and brash (it can afford to be: it expects to earn £180m. from tourism this year), Brighton is restrained, spacious and twee.

## Soporific

Its entertainments (Gilbert and Sullivan at the Dome, Gerry and the Pacemakers at the Pavilion, Cabaret Bar) are innocuous and soporific while its antique shops, concentrated in the town's bingo parlours and candy loss stores by roughly 10-1. (As the pound plunged last week some of these antique shops were set upon with local ferocity by German, French, Dutch and American tourists.) Brighton is spruce, clean, soigné and snobbish. It is also town.

## Import deposits forecast

BY MICHAEL BLANDEN

THE NEXT step in Government policy, following the application for a standby credit from the International Monetary Fund, is likely to be the introduction of a "temporary" import deposit scheme, the latest economic forecasts by stockbrokers Phillips and Drew, says.

Such controls would have to be agreed by the Fund, the report said, but would probably be regarded more favourably than general import quotas. In order to achieve a worthwhile effect on the balance of pay-

ments, an import quota or control system would have to be so severe that it is unlikely that the IMF will accept it.

An import deposit scheme, requiring deposits at a rate of 50 per cent, lodged with the Bank of England for six months could cut the money supply growth on the wider definition (M3) by two percentage points in a full year and save about £200m. on the current account of the over the year against 1975.

But Dr. Paul Neill, the Phillips and Drew economist, said that further measures, such as

involving financial stringency, would have to be and probably fiscal deficits so severe that it will be needed to meet the problem of shortage of hard currency, and to reduce the balance of payments deficit on current account.

The outlook for inflation is also less encouraging. The rate of retail price inflation is expected to continue falling through 1977, to 11 per cent, but the year against 1976 is expected to reach 12 per cent.

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firm - a \$100,000,000 issue. We were a leader in raising capital in the U.S. for all kinds of international issuers.

In Europe, we recently managed a Euro-bond issue that raised \$50,000,000 for Britain's largest bank and we were a leader in Eurobond financing for U.S. and international issuers.

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September 27, 1976

NOTICE The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

M-7730 13068 19416 19449 19457 19474

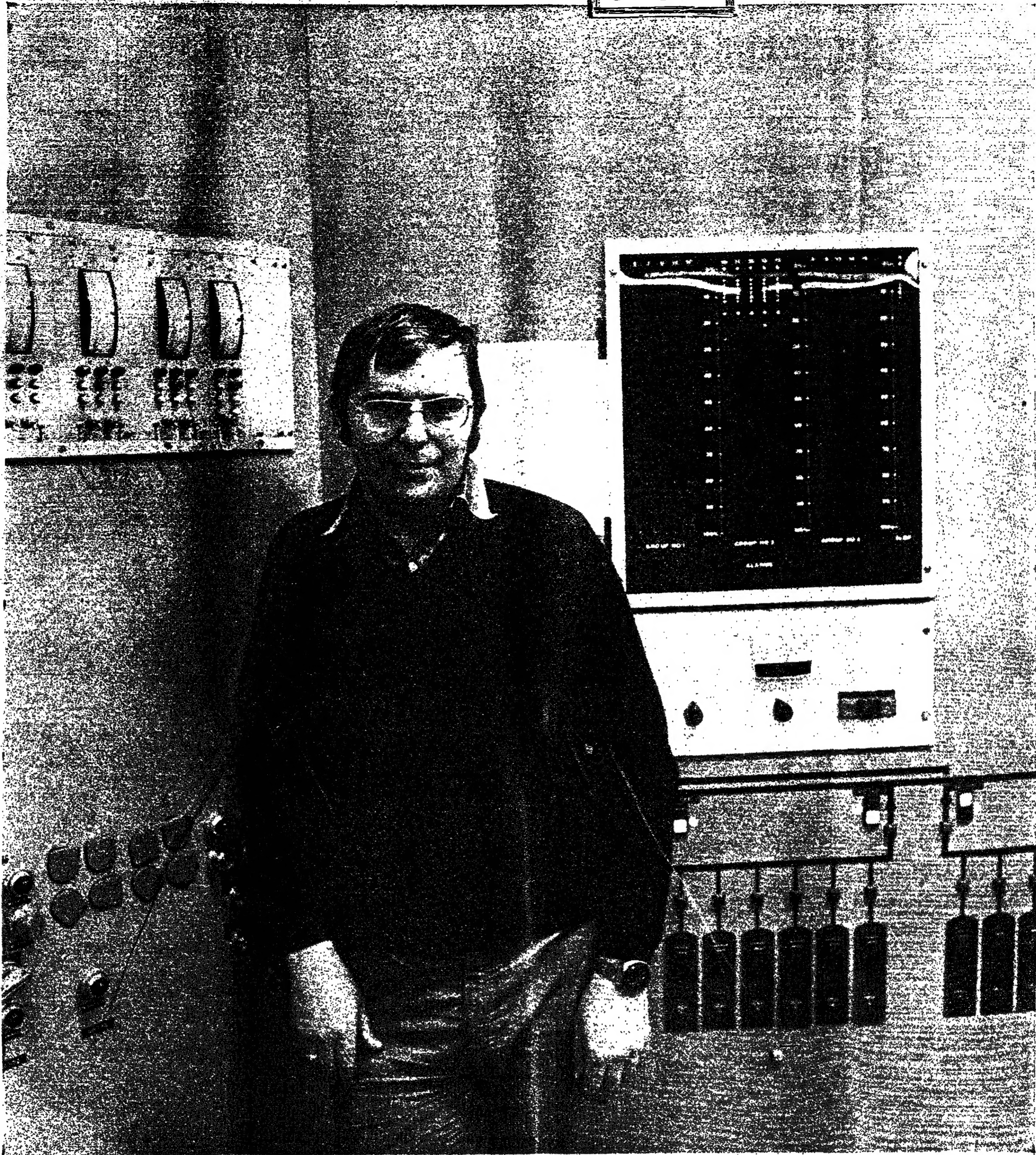
ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

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Photograph: Gus Wylie

## Duncan McGregor's ship came in this month.

Duncan McGregor's ship is an oil tanker, specially designed to take oil from our Beryl A platform in the North Sea, about 100 miles off the Shetland Islands, and deliver it to British ports.

The very first cargo was loaded in mid-September. From now on, the tankers built for this service will move more than two and a half million barrels of oil each month to the mainland. That's about 30 million barrels a year, which makes a handsome addition to the country's energy supply.

McGregor, a tiny Scotsman who is oil movements

supervisor aboard Beryl A, spent the summer months supervising trial loadings of the tankers to make sure everything would be ready and in proper working order when the big day came.

It certainly was a big day, too, on Beryl A. After all the difficulties of creating a structure roughly the size of Westminster Abbey, setting it in one of the most troublesome seas anywhere, and then actually finding the oil that lies beneath the seabed and bringing it to the surface - that first tankerload brought a lot of satisfaction to the men on Beryl A.

And although the tanker slipped into port here without any special fuss, this first shipment from Beryl A held considerable significance for the nation as well. This is the payoff, or part of it, from all the work the North Sea oil search has generated over the past few years. This is what the excitement is about.

The arrival of Duncan McGregor's ship was very good news for everyone with an interest in Britain's future. That included us.

**Mobil**



# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## POWER

### Sodium-sulphur battery race is on

BRITAIN could be just pipped at the post if all goes well in a development project announced by General Electric of the U.S. to build a commercial storage battery based on the sodium-sulphur couple.

It is likely to be a close-run thing, with the target date for the demonstration of a five Mega-watt-hour battery system set at 1981.

In Britain, Chloride Group, with the backing of the Electricity Council, is well ahead in the development of a similar battery system, but primarily with traction in mind. A demonstration of a battery cell module — package which can be installed and removed for recharging with minimal effort — could take place before the end of the year.

But final decisions on whether and when to go into major commercial production, and who is actually to make the commercial units still have to be taken.

G-E has been awarded a \$2.5m. contract by Electric Power Research Institute and the target development period has been set at 32 months. This is the largest battery research contract so far awarded by EPRI and it will provide a fillip to an in-house G-E programme that began some time ago.

Initial target will be the development of a sodium-sulphur unit with a capacity of 10kWh and the assembly of ten of these into an energy bank able to

store 100kWh which will be about the size of an office desk.

The main point of the battery couple choice is its much higher energy density than lead-acid which promises a considerable reduction in overall dimensions and in weight for the same capacity.

Proposals are that large storage units could be installed by power utilities to take excess energy during periods of low power demand and permit the power authorities to run their power stations at optimum levels, thus saving valuable fuel.

In peak demand periods, conversely, the stored energy could be released to the system without the need for extra generating capacity.

The battery layout proposed by

G-E seems to be very similar to the one adopted at Chloride with molten sodium and molten sulphur separated by a solid electrolyte which is beta alumina. Operating temperature is 300-350 deg. C, but the materials of the battery are mostly plentiful and inexpensive.

In the laboratory, it has succeeded in producing test cells one inch diameter by eight long able to store 32 watt-hours. Over the past year the development team has succeeded in using \$5 per cent. of theoretical capacity against 50 per cent. previously and raised cell life to over 8,000 hours in continuous charge and discharge at rates that the utilities would demand.

G-E Research Center, P.O. Box 8, Schenectady, New York, U.S.A.

## TRANSPORT

### Increasing carrying capacity

DESIGNED for towing by light vans and cars, a box-van trailer has been introduced by Coachwork Conversions, Windsor Street, Colne, Lancs. BB5 9JW (02234 8714).

Called TrailBoxes, they resemble caravans but are stated to be less cumbersome. Two models are available — 200 cu. ft. with a single axle, and 440 cu. ft. with a tandem axle. The first has a gross weight of 1 ton and can carry 121 cwt, the second carries 2 tons and carries 1.4 tons.

The seamless 1 in. thick walls are laminated to plywood, and the four-banded to plywood, and the four-banded frame is of aluminium alloy extrusions, providing rounded

edges. Floors are of aluminium alloy planks and roofs are one-piece gips. The two-wheeled trailer has double hinged doors, while the four-wheel version has a roller shutter. Loading height is 1 ft. 3 in.

The tubular steel chassis has independently sprung wheels on short trailing arms. There are the usual over-run and parking brakes, jockey wheel, and stabilising jacks.

## RESEARCH

### Instruments study

DEPARTMENT of Industry has set up a small instrumentation study team. Object is to identify trends affecting the process instrumentation industry and recommend what the department's research and development strategy should be up to 1985.

SIRA is to prepare background

information for the team's consideration; work has started and the team has been asked to report back within six months.

Organisations of individuals wishing to make representations to the study team are asked to do so as soon as possible by writing to Mr. D. Prosser, Department of Industry, Room 305, Dean Bradley House, Horseferry Road, London SW1P 2AG (01-212-8660).

## DESIGN

### Simpler office layout

IN THE U.K., office fittings cabinets have not undergone any major design changes for many years, although in Europe, where the office environment seems to be more highly re-

garded, the side file is in common use.

G. A. Harvey-Office Furniture, Woolwich Road, London, SE7 7JZ (01-858 3232), a Butterfield-Harvey company, has launched a new range of office furniture, of which the first items are a set of filing cabinets and a set (in similar dimensions) of open-plan storage units.

Main object of the new cabinets is to reduce the distance by which a filing cabinet projects into the office when the drawers are open. Total floor space required is, of course, the same.

Two, three- and four-drawer units are available, and a feature is an anti-draw mechanism which prevents more than one drawer being opened simultaneously.

The storage units have lockable tambour shutters, and internal fittings such as filing frames, pull-out shelves, top racks, etc., are to customer's choice. Finish for the new steel units is light grey, with a choice of oak or white laminate tops.

## SAFETY

### Plugging pipes under pressure

GAS OR oil pipelines present a problem if they have to be plugged, because of the possibility of dangerously weakening the pipe-wall. The views of engineers in the oil and chemical industries are being sought on a device called the hobbin valve which its inventors consider constitutes a significant advance in plugging techniques.

A drill-nosed spindle is inserted diametrically across the pipe. Through a hole in the spindle, flexible wire is fed from the outside into the pipe, where it becomes entrained in the stream; and a length is carried down the pipe. The spindle is then rotated, causing the wire to form a spherical hobbin which substantially fills the cross-section of the pipe. Introducing granular material upstream of the hobbin valve will complete the shut-off.

Findlay Irvine, Bog Road, Penicuik, Midlothian, (0908 72111), the valve's developers, says the method can be used on any diameter of pipe, and by employing high-tensile steel for the spindle it can be designed to withstand the pressures encountered in oil wells.

## HANDLING

### Transporter takes heavy loading

TO BE completed next year, the new headquarters of the Tees-side Division, British Steel Corporation, will have the first installation in Britain of the Telelift internal transport system for document conveying.

Containers, each capable of carrying slightly less than 12 lbs (5 kg), run on a profiled track which carries low voltage conductor rails. Each container is equipped with its own long-life 24-volt dc motor and brake unit and can be addressed to the required destination by a group of sliding magnets. These act on reed contacts which operate switches at key positions to send the containers down the required paths.

In the Redcar installation, there will be six stations served by 12 containers.

Speed of the containers is 977 005L between 90/120 feet per minute, depending on the mode of travel. Each one when moving, draws as much power as a standard electric light bulb. Several container sizes are available and there also is a vacuum cleaner car which can be sent round the tracks, periodically to remove dust and fluff.

It is possible to construct and operate systems with up to 1,000 containers. There is no central "goods yard" and the units will go to their destination by the shortest route.

Frederick Nash, Burgine House, Lower Teddington Road, Hampton Wick KT1 4EZ, Surrey, says the containers are 977 005L.

## SECURITY

### More likely to deter the thief

THE idea of automatically switching the lights on and off in premises at night is fine provided that the determined burglar cannot simply observe the sequences and conclude that the switching is indeed automatic.

This seems less likely to happen with the FWT7 unit announced by Photonic Controls, Unit 18, Hanger Three, The Aerodrome, Ford West Sussex (Littlehampton 21531).

It has been designed to give automatic but random switching of lighting and/or tape recorder and radios with the "on" periods varying between one and 15 minutes and off periods from five to 35 minutes. It can switch up to five amps at 250V AC. The electronics are contained within a standard surface-mounting box measuring 82 x 82 x 51 mm, with 13A connections.

An interesting feature is a photo-cell which monitors the ambient lighting conditions and inhibits operation of the unit during daylight hours, thus preventing a burglar from "giving away" the thief.

## CALCULATORS

### Teaches arithmetic

LATEST change to be rung in the calculator market is a machine from Texas Instruments called "Little Professor" which is actually a teaching device rather than a calculator.

It is intended for children aged six to nine and will be in the shops soon in limited quantities at a price between £15 and £20.

Looking like a normal calculator it has numeric keys 0 to 9, a four arithmetic function keys and some extra operational keys. One of these is a four position switch which allows the user to choose a degree of difficulty, roughly spanning the age range. He chooses what kind of sum he wants to do by pressing one of the four function keys. A plimlim then appears on the LED

## CONTRACTS AND TENDERS

### GOVERNMENT OF ABU DHABI SEWERAGE PROJECTS COMMITTEE

CONTRACT NO. 118  
Construction of Mafrq Sewage Treatment Works

Tenders are invited from experienced contractors for the construction of a complete sewage treatment works having sufficient capacity to treat a flow of 14.4 million gallons per day. Tenders should be composite offers incorporating both civil works and all the necessary mechanical and electrical equipment to be erected in the following treatment units:

1. Inlet works incorporating screens, macerators, detritors and flow recording equipment.
2. Circular primary and secondary settlement tanks.
3. Aeration tanks incorporating surface aerators.
4. Effluent holding tanks.
5. Primary and secondary sludge digesters and sludge heater house.
6. Sludge drying beds and dried sludge dewatering.
7. Sludge and sewage pumping stations.
8. Piled foundations for the major units.
9. Ancillary buildings and siteworks.

The overall time for completion will be 750 days but a major part of the works must be commissioned within a period of 650 days.

The works will be situated at Mafrq approximately 25 kms from Abu Dhabi Island.

Tender documents may be purchased from 4th October 1976 by suitable firms or their agents from either the Sewerage Projects Committee, P.O. Box 3487, Fayed Building, Hamdan Street, Abu Dhabi, on payment of 15,000 Dirhams or from John Taylor & Sons, Artillery House, Artillery Row, London SW1P 1RY, on payment of 2,000 pounds sterling.

Tenders should be deposited at the offices of the Sewerage Projects Committee in Abu Dhabi not later than 18.00 hours on Monday 10th January 1977.

## SAUDI ARABIA

Government tenders published daily in ARAB NEWS Saudi Arabia's first English-language newspaper.

Subscriptions and advertising: 6/7 GOUGH SQUARE, FLEET STREET, LONDON EC4 Tel: 01-353 4413.

## BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## DIAMONDS FOR INVESTMENT

Diamond Selection Service offers you the opportunity to invest in diamonds. We have a large selection of diamonds for sale, ranging from 0.10 carats to 1.00 carats. All diamonds are certified by the Gemological Institute of America (GIA). We offer a 10% discount on all diamonds purchased in bulk. Contact us today for more information.

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# Building and Civil Engineering

## £33m. Matthew Hall awards

**LARGEST OF SIX CONTRACTS** announced by Matthew Hall Engineering is the latest organic chemical plant to be constructed in an existing site at Ponders Wood, near Merck, Sharpe, and John. Engineering design, procurement and construction will be completed by late 1978 and the plant will be in operation. The plant is a similar arrangement to the existing one, but with a new process plant at a site near Cork Road, near Merck, Sharpe, and John. The plant will produce a range of organic chemicals, including methanol, ethanol, and propanol. The plant will also produce a range of organic chemicals, including methanol, ethanol, and propanol. The plant will also produce a range of organic chemicals, including methanol, ethanol, and propanol.

## Housing in N. Wales

**A CONTRACT** worth £280,000 for 42 two-storey houses and 72 flats in three-storey blocks in the centre of Llandudno has been won by Edward Jones (Contractors). The developer is the Second Collingwood Housing Association of Manchester and the architects are Edmund Kirby and Sons, Liverpool. The scheme is due for completion in the early summer of 1978.

## £1m. orders for Bowey

**CONTRACTS** totalling £1m. have been won by the Bowey Group for Gosforth, Newcastle. Ralph Bowey and Son, the main building company, has won orders worth more than £1m. The work includes a £249,000 factory extension for American Air Filter at Cranlington, Northumberland, and an advance factory costing £133,600 for the British Industrial Estates Corporation at Thornaby, Cleveland. Wm. T. Wallace and Son, the group's civil engineering contractor has added £200,000 to the order book for work at Dunston, Tyne and Wear, for Northern Gas, for new workshops and an access road to the National Coal Board at Ashington, Northumberland, and for road surface at Kairouan.

## Control of floods

**THE SNC Group of Montreal** has signed a contract with the Government of Tunisia covering the design, construction and operation of a £150m. earth dam, spillway and access road to the National Coal Board at Ashington, Northumberland, and for road surface at Kairouan.

## £3.2m. jobs won by R. M. Douglas

**UK CONTRACTS** worth over £3.2m. have been won by R. M. Douglas Construction. About £2.1m. of this is for industrial development, the largest projects being a computer centre at Redditch for British Leyland value £1.1m. and workshops and stores at Risley for the United Kingdom Atomic Energy Authority value £640,000. The total also includes a contract value £765,000 for the Staffordshire County Council for the construction of the Barton Turn Interchanges on the A38 trunk road. R. M. Douglas Roofing has been awarded contracts totalling £722,000. This includes roof decking and cladding of a hypermarket at Minworth, Sutton Coldfield, for Carrefour (£200,000), decking for a creamery plant at Feltham, Divd, for the Milk Marketing

## Trade with Saudi Arabia

**MANUFACTURERS** of building materials and components will this week have an opportunity to meet a trade mission from Saudi Arabia in London. The mission will include an architect, two contractors and possibly an importer. The mission is sponsored by The Building Centre and the British Overseas Trade Board. Details from Mr. W. Bridge, International Centre, The Building Centre, 26 Store Street, London WC1E 7BT (01-636 1187).

## Warehouse in Iran

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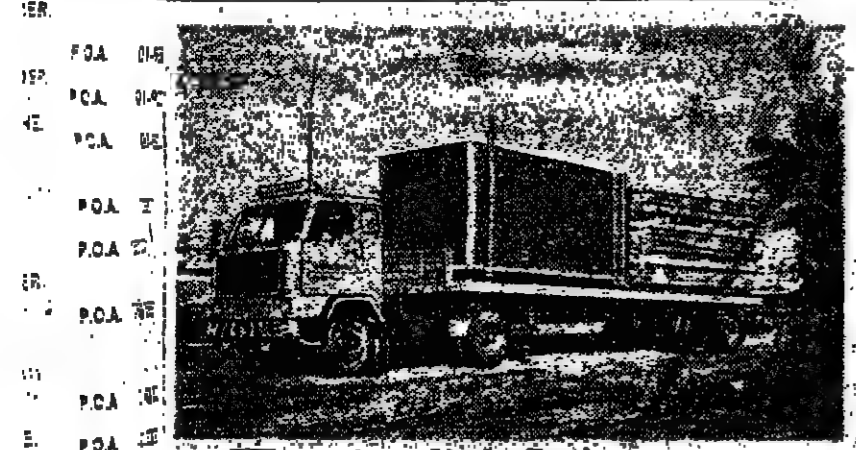
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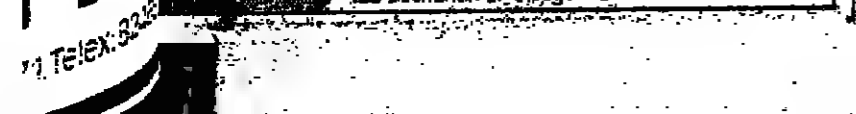
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## HIRE NEW

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Artist's impression of a big new hotel to be built in Heliopolis, Cairo by Dongas Construction Co. of Seoul, S. Korea for El Shams Hotels and Tourism Co. SAE with whom a U.K. company, Brent Walker, has a technical services agreement. Brent Walker will be responsible for design and development and supervision of the contract. Structural steel for the project is due to

arrive in Egypt from S. Korea on November 20 and opening of the hotel is expected in April 1978. Total cost of the scheme, including land and fitting out, will be about U.S.\$14m. of which U.S.\$10m. will be expended on construction work. The hotel will have about 250 bedrooms and conference facilities with up-to-date audio-visual and other equipment will be available

for up to 350 delegates. Running of the hotel will be in the hands of Salam Management Corporation which is a joint venture by Brent Walker and Arco. Architects for the project are G. R. Stone and Associates of Warwick, quantity surveyors are Robert Botton and Associates of Coventry and structural engineers Myko Designs of London.

## Damp walls avoided

**AIDELLE PRODUCTS**, a division of Airflow Development, developed in conjunction with the Property Services Agency of the DoE, a domestic condensation control system now installed in over 600 homes throughout the country. An important component of this system is the Dewtrol condensation detector. This unit is now available for use with any approved extract fan or ventilation system. Dewtrol detects the presence of moisture as the atmosphere reaches dewpoint, and switches on the ventilation/extraction system to prevent condensation forming. Such control of a ventilation/extraction system means that the user neither has to be on-hand to ensure the system is switched at the right time, nor does he have to leave the system running continuously. The Dewtrol will automatically switch the system on and off: always at the right time, but only when required. A small sensor, which is installed on a cold surface where moisture would normally first begin to condense, and a control box which houses the electronics take up the unit. When the sensor is exposed to moisture it experiences a change in electrical resistance. At the control box this change is accepted as an electrical signal, amplified and used to switch the 250V mains supply via two auxiliary output circuits. These outputs may be used to directly operate ventilation/extraction units of low power consumption (up to 5A) or to energise a condenser, etc., to operate larger, heavy duty systems. Aidelle, Lancaster Road, High Wycombe, Bucks. HP12 3QP. 0494 26252.

## IN BRIEF

● Terrapin International, Milton Keynes, has signed a preliminary agreement with Al Buri Enterprises, Ras al Khaimah, United Arab Emirates for the distribution of factory-produced unit buildings in that territory.

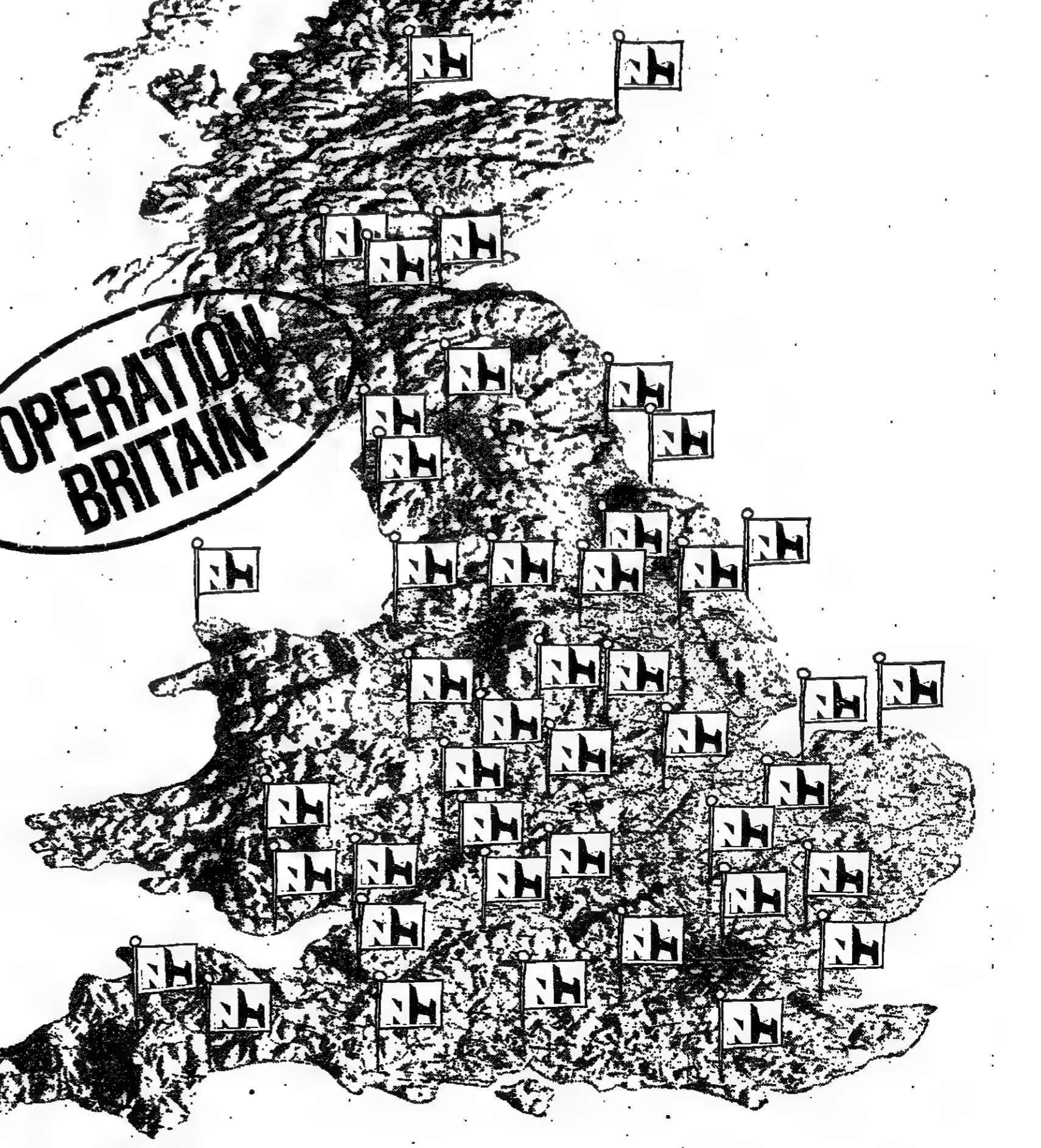
● Unit Construction Company of Speke, Liverpool has been awarded a contract valued at over £1m. to modernise 511 dwellings for Knowsley Metropolitan Borough Council.

● Two contracts totalling £285,000, for the modernisation of 113 dwellings have been awarded to HGS—a member of the Humphreys and Gasson Group by the North East Housing Association. The company has also been awarded a £300,000 contract by Bovis for heating, ventilation, air conditioning, plumbing and sprinkler services for the new Festival Hall, Nottingham.

● A design-build contract worth £330,000 for 29 elderly persons' flats has been awarded to Countryside Properties by Southend District Council. It is stated that two further contracts with Thurrock Council are at an advanced stage of negotiation, one worth about £550,000 for 38 houses and the other valued at £630,000 for 42 flats.

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The capability of the Norwest Holst group is total in the extent of its activities for the civil engineering and construction industries—and also in geographical coverage.

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As a very brief selection of what we do, the project at Okehampton is earth moving, Carlisle a gas pipeline, Glendon a water treatment works and reservoir, Anglesey storage tank foundations and

pipelines, Swindon a town centre development, London two major refurbishment contracts and Sittingbourne a multi-flue chimney and boiler house.

Of course we don't stop at the Channel. Anywhere outside the UK we are able to provide our management expertise and technical skills through Norwest Holst International and our incorporated overseas companies.

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E.A. Brian, Chief Executive, Norwest Holst Group.

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Fair ruling gives 30 pay rise

# The Executive's and Office World

PERKS FOR EMPLOYEES

## A controversial way of keeping staff happy

THE SUBJECT of the perks their fees were subject to U.K. and fringe benefits that come tax in the normal way. Companies give to their senior staff furniture, cars, and other perks. On top of this, enable certain senior executives to have a standard of living which is not far removed from that of the British Oxygens. The fact that the Government has been so lenient in its attitude towards these perks has been a source of controversy. It has been argued that the Government should be more strict in its attitude towards these perks, and that it should be more lenient in its attitude towards the Oxygens. The Government has been so lenient in its attitude towards these perks that it has been accused of being too soft on the Oxygens. The Government has been so lenient in its attitude towards these perks that it has been accused of being too soft on the Oxygens.

A Government form that includes a space for labour costs. This information is then passed by the Commission to the Department of Employment which looks at the figures, raising where necessary with the TUC, the official guardian of the pay guidelines. There is, however, no compelling reason why a company should disclose all its fringe costs, especially when they form such a small part of its total outgoings and could therefore easily be lost in the figures. In addition, there is the question of whether, for example, buying a sales director a house or dining room should be offset against the sales director's pay limit. The official position under the pay policy is that existing allowances and extras that are reimbursements for actual expenditure, as opposed to extras designed to top up salaries, may be increased in independent surveys, most recently by the British Institute of Management, have put the figure closer to 100 per cent. After this, subsidised lunches and medical insurance were found to be widespread benefits. But, as the Diamond Report remarked, fringe benefits were generally subject to tax. Those

have money instead. While not condoning any company's endeavours to find new ways of rewarding senior executives, he feels that "if you tax people heavily it is inevitable that they will look for loopholes." Certainly companies and representative organisations are increasingly pressing the need adequately to reward senior personnel. The CBI, like the Institute of Directors, is becoming increasingly aware of the extent to which they are allowed to make expenses claims within the present legal framework and are therefore charging more.

There is obviously no restriction on how much the foreign company may pay such an executive. Certainly companies and representative organisations are increasingly pressing the need adequately to reward senior personnel. The CBI, like the Institute of Directors, is becoming increasingly aware of the extent to which they are allowed to make expenses claims within the present legal framework and are therefore charging more.

### Overseas fees

In addition international groups of companies can help their senior executives, as BOC does, by giving them a seat on the Board of an overseas subsidiary and paying a fee for the service: this is perfectly legal. Alternatively, an executive not on the Board but who spends say three months a year working abroad, can be paid overseas by the foreign subsidiary on a consultancy fee basis and foreign-based companies can also escape restrictions. Such payments are—in the same ways as directors' fees—subject to U.K. tax, but the assessment is made only on 75 per cent of the foreign earnings. While the accountants' main aim is to provide their clients with a comprehensive business service they are also concerned, where they act as a company's auditors, to establish whether there have been any breaches of the pay or price rules. While the pay restraint policy remains in operation therefore, the pressure on companies to try to keep their higher paid employees happy will not be reduced. As a result the issue of perks will remain a live subject with many companies feeling that they are acting in their best interests if they do find ways of providing extras for senior executives.

"If you tax people heavily it is inevitable that they will look for loopholes"—Mr. Denys Randolph, chairman of the Institute of Directors commenting on the rights and wrongs of executive perks.

### Mortgages

The perks in question were mortgages, fees, and directors' homes for executives. It was argued that the Government should be more strict in its attitude towards these perks, and that it should be more lenient in its attitude towards the Oxygens. The Government has been so lenient in its attitude towards these perks that it has been accused of being too soft on the Oxygens. The Government has been so lenient in its attitude towards these perks that it has been accused of being too soft on the Oxygens.

But, as the Diamond Report remarked, fringe benefits were generally subject to tax. Those who have money instead. While not condoning any company's endeavours to find new ways of rewarding senior executives, he feels that "if you tax people heavily it is inevitable that they will look for loopholes." Certainly companies and representative organisations are increasingly pressing the need adequately to reward senior personnel. The CBI, like the Institute of Directors, is becoming increasingly aware of the extent to which they are allowed to make expenses claims within the present legal framework and are therefore charging more.

### EXECUTIVE HEALTH

BY DR. DAVID CARRICK

## The wisdom of an animal

SCARCELY a week passes without some law-giver, when passing sentences on humans who have perpetrated some evildoing, describing the behaviour of the offenders as "wild beasts" or "mere animals." Although these good judges mean well, I deprecate the comparison between psychopathic humans and animals. While beasts are innocent of crime, they kill to eat or to defend their lives or those of their young. They have no laws nor do they require such artificial restrictions for wanton evil is not in them. Domestic pets, likewise, have been heavily under fire recently. Alarmist statements about their ability to spread horrid diseases to humans have been broadcast and published. Many of these

are not without foundation, but the number of humans infected by dog or cat-borne distempers is infinitesimal in comparison with the number arising from contact with other humans. Who can doubt that animals are less intelligent than man? They are incapable of producing nuclear weapons or cold computers, pop-music or pollution. Equally they display banal loyalty and blind rage. They have not the sense to hate nor can they cheat. They cannot speak or write, and are incapable of subtle manipulation beyond their poor powers. They do not smoke (except under experimental duress) and alcoholism is too civilized for them. Yet I did know a dog once who drank. Out of a bucket of water, Bruce, was a king among hounds. During the day he entertained himself by chasing our fighters taking-off, but every night he would come to the mess and enjoy a half of bitter with the boys. One sad night, when some celebration was afoot, a low down human mixed the dog's drinks and old Bruce became objectionably inebriated and had to be carried out to a coalhouse to sober up. Next day, to our surprise, he appeared as usual to accompany us to the crew-room, but he had to be helped on to the trolley and later lay in a corner, his green-tinted muzzle between his paws, suffering from a hangover. We did not feel well either and many vowed never to drink again. Bruce continued to come to the mess in the evenings, but if anyone were so wicked as to offer him a drink, he would gaze with deep reproach at the tempter and slope off. And he never drank again. His only other problem was



"... enjoy a blitzer with the boys."

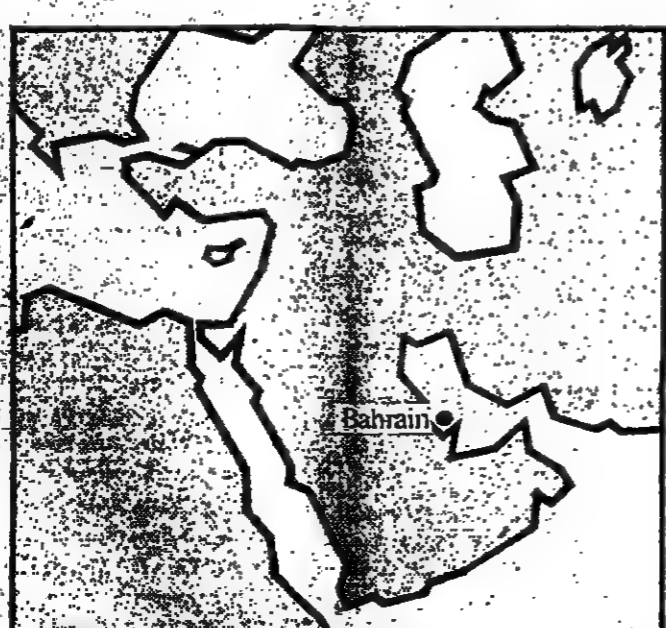
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### Contest for equipment design

A COMPETITION has been established by the Royal Society of Arts with the aim of improving industrial design of office and business machines. It is sponsored by Pitney Bowes, the mailing machine manufacturer, and will involve awards totalling £1,000 a year. The first project in the competition, which will be for the Walter Wheeler Awards, named after a former chairman of Pitney Bowes, will be for an improved system of retrieving and viewing microfilm. The main use of the product is expected to be for showing drawings of products prepared by industrial engineering designers. Students will be asked to submit designs for a machine that could be wheeled into a meeting room and meet a variety of criteria. They would include sufficient space to house a large number of cards to be viewed; a fast system of access to the machine; a viewer which could be seen by a group of people; and a printer which could provide each member of a viewing group with a copy of part of a

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MONDAY, OCTOBER 4, 1976

## Seizing the initiative

THE NEW Conservative policy statement, published to coincide with the opening of this year's party conference, has in certain respects been overtaken by events—by the latest sterling crisis, for example, and by the evidence from Blackpool of a widening rift not only between moderate Labour Ministers and Left-wing Labour delegates but between moderate Labour Ministers and their own colleagues in the Government. This accident, however, serves only to emphasise more strongly the force of the Conservative attack on Government policies and the attractions of the alternatives proposed.

The first thing that will strike any reader of the policy statement is the clarity and vigour of the style in which it is written. If this clarity is more marked in the sections which deal with the general approach of the Conservatives than in those which deal with specific areas of policy, that is not surprising: this is not an election manifesto (though it could easily form the basis for one if the need were to arise) but a statement of aims. That is not to say that it contains no hard proposals. It does, and it is of some interest that these fall in such important fields as those of industrial relations, taxation, welfare policy, and housing.

### United front

But the areas of policy which are left deliberately vague—no omitted from discussion but left undecided in detail—are even more interesting, since they include the key questions of Government intervention in industrial affairs and the future of prices and incomes policy. The advantages and disadvantages of each are set out, and it is made abundantly clear that Conservative policy will be very different from that of Labour. But room for compromise is left, and that for the very good reason of enabling the different views of individual Conservative leaders to come together. There is no reason of doctrine, at least, why all the leading members of the party should not form, on the basis of this document, the united front which the Conservatives have so far seemed unable to attain.

If they can only do this, the outlook for the party will be

extremely promising: "there has seldom been a time," as the policy document concludes, "when our party has had a greater opportunity to recruit the intellectual and political support of the nation." The argument put forward, that social democracy in this country is dying as moderate members of the Labour Party yield more and more to the Left and that the real choice now is between Conservatism and Marxism, seems all the more pertinent after last week's events in Blackpool, and represents a strong attempt to win back for the Conservatives the middle opinion which Sir Harold Wilson claimed to have secured for Labour.

### Wide appeal

There is almost nothing in the Conservative statement, in fact, with which a middle-of-the-road English voter—or a social democrat of, say, the German variety—would be likely to disagree, and the sections on matters like personal freedom, education, open government and housing policy will attract widespread support. The emphasis put on the time that economic recovery will take and the reluctance to offer quick or easy rewards to the electorate from a Conservative victory will themselves seem welcome to those who have become cynical about the promises of politicians in opposition. And the appeal is not only to the disillusioned Centre.

The poorer members of the community might well fare better under Conservative economic policy (especially once a tax-credit scheme is introduced) than that of Labour, and offered advantages more than enough to make up for the fact that the Conservatives are determined to assert the authority of Parliament. These union members who stand round reading this document and realising its essential moderation, moreover, will find it difficult to accept more sacrifices caused by the incompetence of Labour's economic management on the grounds that the alternative of a Thatcher Government is too awful to contemplate. For those concerned with present-day reality rather than ancient myth, it may well appear considerably more attractive.

## Dealing with the very poor

CONTRARY TO what is supposed, the economic growth record of the developing countries is by no means wholly bad. As Mr. Robert McNamara has just told the annual meeting of the World Bank in Manila, the middle-income countries among them—those that is, with a per capita income of over \$200 a year—averaged 6.9 per cent. over the past decade. The 20 fastest developing countries within this group, which account for 45 per cent. of the population of the middle-income group as a whole, averaged nearly 9 per cent. Per capita income in these 20 rose by an average 73 per cent. in 10 years in real terms. It is true that the oil importers among them have suffered some loss of momentum since 1973, but it is also notable that Mr. McNamara was prepared to comment that the middle-income developing countries "have begun to establish a promising structure for high economic growth rates."

### Switch

There are, of course, problems within these countries, particularly of income distribution. The total population of the middle-income developing countries is put at around 900m., but no less than 170m. of these are still trapped in absolute poverty, with per capita incomes of less than \$100. According to Mr. McNamara, no theory about transitory stages of economic growth could possibly justify such disparities. And yet the nature of the problems is becoming clearer. Mr. McNamara has made it possible to set definable targets and perhaps even to achieve them. It is becoming increasingly accepted

in the most recent British White Paper on aid—that the aim of official development assistance must be to concentrate not only on the poorest countries, but also on the poorest people within them.

To take some more figures as an illustration: the total population of the low-income developing countries is around 1.2bn. and their average rate of economic growth over the past decade was only 1.5 per cent. These countries do not have the means to go to international capital markets, but nor have they been doing especially well out of official aid. World Bank statistics show that they have financed almost 90 per cent. of their development investment from their own income.

Mr. McNamara is now proposing a switch: in percentage terms there should be more official aid to the low-income countries and less to the middle-income ones which at present receive over half of the total. The latter would be compensated for any loss by concessions on the trade front and by greater flows of private capital which are already considerable.

### Irony

As a strategy, this is difficult to argue with. It can only be effective, however, if the overall flow of aid is increased. The resources required are not large. Mr. McNamara estimates that the situation could be transformed dramatically by 1980 if some of the developed countries were to raise their concessional aid by no more than 3 or 3 per cent. of the amount by which their own per capita incomes are expected to rise in a year. It would be ironic indeed if they were to refuse to do this just as it is becoming

Uncertainty over agreements with some host countries is stifling new mining investment, reports Kenneth Marston, Mining Editor.

# Rules needed for a billion dollar game

WHY GO mining? The soaring cost of new operations and the even greater task of financing them—in view of the potentially unreliable agreements made by the miners' host countries, especially those in the developing world—are now overshadowing the traditional problems of the industry, which anyway has never been an easy business.

Unless some way can be found to ensure firm codes of practice between host countries and the mining companies, the flow of vital investment into new mining ventures could be stifled. And as Mr. Sidney Spiro, ex-chairman of Charter Consolidated, has said: there are now relatively few areas of the world where investment confidence is felt.

The size of the problem is illustrated by the estimate made in a recent submission by the European Economic Commission that an investment of \$580m. (£330m.) will be needed over the next 20 years to maintain European consumption of aluminium, copper, nickel, lead, zinc and tin. And already a further submission is being prepared which will offer suggestions for restoring relative stability to mining investment.

Clearly, the investment also needed over this period to meet the likely international demand for metal against a background of rising living standards in the developing countries must be of astronomical proportions. Why has mining become so costly? Inflation is not the only answer for an industry which faces the fact that only one out of some 200 exploration prospects eventually becomes a viable mining proposition.

The prospectors know very well that the more obvious mining plums were discovered long ago. Their search has now to extend to the more remote and less hospitable areas of the world. Furthermore, lower ore grades have to be accepted and, to make these profitable, very large open-pit operations are needed.

Mines are where you find them and not where you would wish them to be: they cannot be sited in the most favourable environment. Pancontinental's rich uranium find, for example, was made in the steamy jungle of Australia's Northern Territory. Rio Tinto-Zinc found its \$430m. copper-gold deposit on Bougainville Island in Papua New Guinea where the rainfall is about 200 inches a year.

Apart from the high amount of risk capital required for exploring remote areas, there is the knowledge that any mineral find will cost huge amounts in infrastructure alone. Townships for a migrant workforce, road and rail communications and perhaps even port facilities may be required as they were in the establishment

## REQUIRED INVESTMENT 1976-1995 WITH 25-YEAR MINE LIFE

	1976-1985	1976-1995
Copper	6,682	14,326
Aluminium	10,291	27,055
Zinc	2,525	5,919
Lead	732	1,583
Tin	583	1,197
Nickel	3,156	7,329
TOTAL	23,969	58,469

Source: Paper from European mining and refining groups to the EEC

of the big iron ore operations in Western Australia's dusty Pilbara.

It has been reckoned, for example, that if Australia's Broken Hill Proprietary decides with its future partners to go ahead with the Ok Tedi copper development in Papua New Guinea, the overall cost up to the production stage could be approaching \$700m. Bougainville, if launched to-day might well require more than \$1bn.

And, in most cases, the fortunes of mining operations are tied to those of a single product. Furthermore, the lead time from exploration to eventual production can be any-

quation. Shares were then offered to the public and the mining house, while retaining control of the operation, completed the financing and realised a capital profit which could be used to pursue new business.

This well-tried system still works for the smaller new mines, but its days are running out. Now that it costs something in the region of \$1bn. to open a copper mine designed to produce around 150,000 tonnes of metal a year, consortia not only of mining companies but also of international bankers have to be involved. And unlike the miners, the

growing mining potential in Western Australia, with all that area's labour problems, the major South African mining houses prefer to stay in their corner of the African continent. While some have had unhappy experiences in ventures overseas, others see a big mining potential still at home, particularly in the north-western Cape where big U.S. companies such as Phelps Dodge can also be found at work.

Rio Tinto-Zinc's Sir Mark Turner emphasises that his U.K.-based international group is prepared to look anywhere for good mineral deposits and then get round to testing the financial possibilities, but in its formative years RTZ tended to steer clear of the developing countries.

And indeed, there seemed little reason for the mining companies in the 1950s and 1960s to move outside their familiar investment areas where there was a good mining potential which is still far from being exhausted. But it is not going to support the world's needs in the years ahead and the mining industry is going to have to seek out the mineral potential of the developing countries.

However, high risk investment

## EUROPE'S FUTURE INVESTMENT NEEDS FOR NON-FERROUS METALS

	Consumption 1974 '000 tonnes	Growth trend 1970-74 % a year	1974-95 % a year	Cost per tonne of new investment*	Current metal price per tonne
Copper	2,172	2.25	2.0	\$ 5,000	\$1,400
Aluminium	2,545	5.98	5.0	\$ 3,000	\$1,050
Zinc	1,421	3.17	3.0	\$ 2,000	\$ 690
Lead	1,064	1.64	1.5	\$ 1,200	\$ 470
Tin	62	1.02	0.5	\$20,000	\$7,900
Nickel	140	4.70	4.0	\$18,000	\$5,315

\* New and replacement mine capacity required to meet expected consumption levels taking into account the cost of mining and refining scrap metal.

Source: Paper from European mining and refining groups to the EEC

thing up to 10 years for the new generation of super-mines. Adverse market forces in the meantime can leave the sponsors with a very expensive hole in the ground.

These are problems that the mining industry has learnt to live with and the sheer size of an operation is not necessarily daunting. It can be overcome by mining companies grouping together and this trend is already established. The big Mount Newman iron ore operation in the Pilbara, for one example, is run by a consortium of Australia's Broken Hill Proprietary and CSR companies, America's Amx, Japan's Mitsui and C. Itoh, and London's Selection Trust.

Equity financing used to play a major role in capitalisation and, indeed, South Africa's gold mining industry was launched in this way by the mining finance houses. They provided all the finance for a mining operation to the point at which it could obtain a share market

bankers have plenty of other business opportunities.

Nobody pretends that mining companies, bankers or the more mature developed countries come into the industry class. But they can at least see the practical advantages of keeping to the rules. Admittedly, rules have been a little bent at times by governments in Australia and Canada, but these countries together with the U.S. and South Africa have shown an understanding of the problems which miners face.

By the same token, these countries have benefited from the mineral wealth created by the miners. Among the latter Mr. Ian MacGregor, chairman of America's Amx giant, firmly states that it is his intention still to concentrate his group's efforts on the U.S. and also in Australia: particularly in Western Australia which "is very much superior to any other investment area and clearly ahead of Australia as a whole."

While MacGregor sees a

requires the eventual prospect of a good reward. Some host countries—and not only those in the developing world—are content to let the mining company take all the risks and subsequently alter the profit-sharing terms which were agreed earlier.

This happened last year in Botswana when the Government renegotiated the operating terms of the De Beers subsidiary there. As a result Botswana's holding in the operating company's equity was increased from 15 per cent. to 50 per cent. and the country's share of the profits was effectively raised from around 57 per cent. to 65-70 per cent.

Then too, nationalisation tends to go hand in hand with nationalism. This can result in a benevolent partnership between companies and host governments and, indeed, has worked well in some instances such as Zambia's acquisition of 51 per cent. of the Copperbelt mining and refining operations in 1970. Zambia claimed, with



some justification, that she had a right to a greater share of the rewards from this long-established industry and the takeover terms were fair.

So too, it can be argued, was the B.P.S.40n. (£82m.) compensation awarded to Union Minière for the 1967 expropriation of the Belgian company's big copper complex in what was then the Congo. Less satisfactory was Sierra Leone's move into the diamond-mining operations in 1970 when these had been all but broken by the country's failure to bring to heel the rampant illicit mining and smuggling activities.

Chile's expropriation of U.S. copper assets in 1971 is also open to criticism, if only because it clouded investment prospects in South America generally. By and large, the mining industry is happy to enter into partnerships with host governments, but it is not prepared to stomach the "you find, we grab" attitude of some politicians.

Given a sensibly negotiated move to majority rule, both Namibia and Rhodesia offer a rich mineral potential which could benefit not only the host countries but also provide the minerals which both the developed and developing countries are going to need. But outside assistance is needed to exploit these resources and it must have firmly defined rules from the word "go".

So what is to be done to protect the mining investor and thus provide the rising flow of metal supplies which the world will need in these years? The recent submission to the EEC Commission by 14 of Europe's leading mining and refining groups including RTZ, Charter, Gold Fields, Metallgesellschaft and Billiton outlined three main proposals.

The document suggested co-operation agreements between the Common Market and developing countries which could provide a framework for operating agreements. In the event of a host country stepping out of line the mining investor could thus, it was hoped, look to his own government and the Commission to try to protect his interests by putting pressure on the developing country involved.

A second proposal was that the Common Market would make, through appropriate institutions, financial contributions or provide guarantees for mining projects. Lastly, it was suggested that share sort of insurance

and scheme should be set up using contributions from the mine financiers in proportion to the size of their investments. It is believed that the mining industry is now preparing a further submission suggesting ways in which EEC muscle could be used and which offered protection for raw material customers, suppliers and also the developing countries. Details of the new document are awaited, but it seems likely that they will call for European finance to be available for contracts for the supply of raw materials.

Similar arrangements already exist in West Germany, France and Japan. The German plan which involves the Kreditanstalt für Wiederaufbau (The Reconstruction of Finance Corporation) means simply that a budget of raw materials can apply for purchasing finance from that government "agency." Alternatively, the loans may be made direct to the producer, as was the case with the Botswana RSC copper-nickel project.

## Government's approval

Armed with loan finance against future sales, a mining project is in a stronger position to raise further capital from other sources. But the teeth of the plan are that such sales finance is only made in cases which meet the German Government's approval. Clearly, if such an arrangement were backed by the authority of the EEC, host countries of mining operations would think twice about taking any action that could prejudice the markets for their future raw material sales.

It also seems likely that the mining companies will seek some form of EEC finance for the provision of infrastructure, such as schools and townships surrounding a big mining operation. Other suggestions may be made in due course, but the important thing is that the mining industry is taking action to overcome the financing problem before it is too late.

World mining companies are not yet turning their backs on promising finds, but they are treading more slowly and cautiously. Unless their way can be smoothed we could face a hiatus during which Europe is going to have to pay considerably more for metals while it waits for the new generation of mines to come into production.

## MEN AND MATTERS

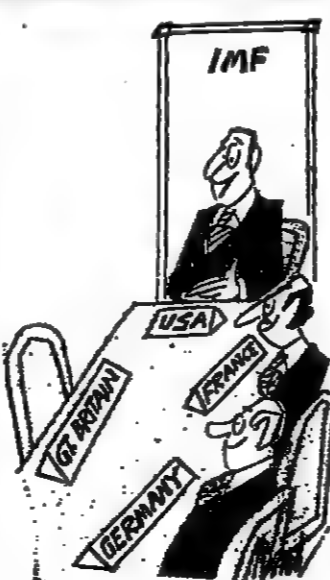
### Springs and Woofs(s)

It is almost always my throw-away remarks that excite the most attention. Just recently, referring to the fact that British Leyland's car museum includes a Austin Seven of 1935 vintage I added, in parentheses, words to the effect that the term "Half elliptic rear springs" was a bit technical for me.

Now the Spring Research and Manufacturers Association is obviously most vigilant body. To reply to the omission in my education, the commercial information officer sent me a letter, a brochure and a page of photostat diagrams. The letter outlines the work which Sheffield-based SRAMA has done to spread the word on what springs are about.

It is the postscript to that letter which is really the meat of the problem. "Elliptic springs are a form of laminated (or leaf) springs in which the two elements of the spring face each other in the shape of an ellipse. Half-elliptic springs contain only one of these elements." Of course, of course. I have also been pulled up short in the marginally less technical world of animal feed-stuffs. An item I wrote complimenting the Americans on advertising a dog food called Woof ("the only brand your dog can ask for by name") has produced a reaction from BP Nutrition, whose managing director says that his company has the same trade name registered in the U.K. and sells under more or less the same slogan.

Can I be persuaded, he asks, to "hand it to the British" on this occasion. Refusal is surely impossible, especially when he points out that his company has



"And where is Oliver Twist?"

### Unaccustomed as I am...

The following appears to be a speech, partly in note form, which someone might have delivered on behalf of someone else who was unable to get to this week's International Monetary Fund meeting.

"So sorry not to be among you for this year's meeting. Most unfortunately detained: hard choice. Would have liked to explain personally latest request (see attached application for \$3.9bn. overdraft, witnessed as usual by Mr. Perkins, doorkeeping staff, only man on duty apart from self at lunchtime last Fri.). Understand from your man Dr. Witteveen that GB no probs. getting cash provided one or two modest conditions met. etc. So happened, as in past years, that IMF jamboree almost coincides with serious business of seaside

faithful supporters at seaside: also really unhappy at \$485 return poundstercher fare to Manila versus \$4.85 Superwave day return (children only 25p) to Blackpool." Chose latter.

"Must say friends in Blackpool confused re policy. Friends urging public ownership of banks, insurance companies and immediate takeover of Universal Buttermakers of Stockport, also setting up a National Board for Promotion and Expansion of Public Expenditure."

"Please don't heed Press reports (grossly biased) of division of thinking. Understandable objectives: but I promise Mr. C and I will put off such measures till IMF paid back to last penny/cent. (Note: which is it? Please ask Dr. W.)"

"However, return to main theme. Essential I stay London. Keep check on sterling, speculators, City, and, in particular, faithful friends. I hereby authorise (indicate self) to accept \$3.9bn. right away: please write address on back of cheque. Understand 'team' will come to London to look at books. Delighted, but regret hotels very overcrowded due to visitors: impressed with competitive prices. But do expect to pay circa \$150 (note: check rate before delivery) for ice cream from van outside my office (Mr. Perkins will be serving, as usual, except during lunch hours when Mr. C will probably stand in)."

### A ghost of Christmas, 1976

Two points are worth making before I start this next tale. One: you would have thought Britain's bosses were under enough attack at the moment without pushing luck too far. Two: surely we should be spared a re-run of the Christmas

Anyways, the Leeds and District Chamber of Trade, representing 8,000 companies in its area, has pointed out that firms are entitled to ask their staff to work on Christmas Day without any obligation to pay extra wages. In England, Wales and Northern Ireland, Monday, December 27, and Tuesday, December 28, have been designated bank holidays in substitution for Christmas and Boxing Day, which this year fall on Saturday and Sunday.

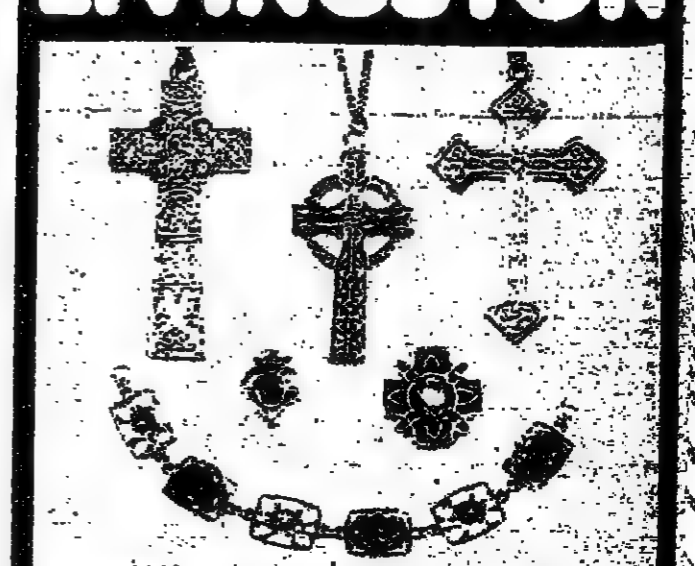
Legally, therefore, December 25 could be claimed to be a normal working day," says the Chamber in a letter to employers. "And the same circumstances arise in respect of the substitution of January 3 for New Year's Day as a bank holiday." If staff are asked to work, "the employer would not be compelled to pay other than the normal rates," January 1 being a Saturday, shops at least can be in the scope of this little exercise.

Douglas Smith, the Chamber's secretary, commented yesterday: "The letter was sent out to emphasise that the bank holidays had been transferred, with the accent on 'transferred.' Unless there were very special circumstances—like an entertainment business or emergency services—the boss who called in his staff because of the bank holiday could be viewed as a Scrooge."

### Knowledge

If you are, or have been, on a late-running train this morning, just remember this little joke. "I don't know," said a harassed commuter to a porter, "why you bother publishing a timetable since the trains are always so late."

## MAKE IT IN LIVINGSTON



## CARRICK JEWELLERY DO

LIVINGSTON, SCOTLAND  
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Industrial Development Manager,  
Livingston Development Corporation,  
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INDEX OF 1961-1975

Week's Maximum Value

Week's Minimum Value

Week's Average Value

# FINANCIAL TIMES SURVEY

Monday, October 4 1976

## Advertising and Marketing

Marketing—a management philosophy or just a bundle of techniques?

This Survey looks at an industry which uses its persuasive powers to help others while being poor at projecting its own image.

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etc., into separate profit-making subsidiaries. But without doubt advertising agencies can still take a broad marketing approach to a client's problems.

### Consumer

Unfortunately these days so can a client. One of the biggest changes in marketing in recent years has been the growing sophistication of companies as against advertising agencies, especially in the area of fast-moving consumer goods. It is the manufacturing companies that can afford to employ the brightest graduates. With their enlarged marketing departments they are encroaching on the specialist areas of the advertising agencies rather than vice versa, and the day may well come when agencies will be used just for a creative input and perhaps for their knowledge of media. Companies are less and less prepared to hand over a 15 per cent. commission on all advertising placed by an agency—they want better value for their money.

The sharpest agencies realise this, and some are selling their media departments as a separate service, available to all advertisers and not just clients. Other agencies are taking a tougher line with clients, concentrating on producing good ideas but insisting on being paid with fees rather than with unpredictable commission. Such agencies are also inclined to drop clients they cannot agree with.

But if there is an air of change in the advertising world, change which is likely to be speeded up if the Restrictive Practices Court finds against the commission system, the manufacturers are not having things their own way. In their turn they are under pressure from the retailers. Indeed some retailers believe that they can handle the whole marketing process.

Rather than having manufacturers build up a demand among consumers for their products by advertising, the retailers suggest that the promotional money should be handed over to them and they will use it in reducing

prices and also in advertising the shop. To ensure distribution on the limited High Street shelf space, many companies are relying on the retailer to sell their goods and paying the retailer's price.

As an indication of this, the average amount spent on television advertising by packaged goods companies has not changed for four years, even though the amount of television time available for the money has fallen by almost 50 per cent. So brands are not being advertised so heavily by their makers—retailers are behind much of the rising sales.

And, of course, retailers are also competitors through their "own-label" lines. Some, such as Marks and Spencer and Sainsbury, concentrate on "own-label", but most other retailers think it dangerous to let "own-label" account for much more than 20 per cent. of their turnover. The growth in retailer power, constantly being reinforced now that the retailers have become very heavy advertisers themselves, is a worrying factor for advertising agencies.

On the credit side advertising no longer seems to be in the political firing line. There are still Labour Party proposals to establish an advertising tax, and to ensure better substantiation for advertising claims, but the efforts of the Advertising Standards Association to

tighten up on suspect areas, like drink and tobacco, and to publicise its activities have dampened some of the criticisms. At the recent Advertising Association Conference the industry even took the initiative, making the point that the freedom to advertise was another freedom worth fighting for.

Not everyone might agree, but the case for advertising, which is also the case for marketing, has gone by default in the past. It was nicely summed up recently by John Beasley of Cadbury-Schweppes, using Marvel as an example. The manufacturing process for Marvel cost £2m., and by last year Cadbury was selling 8,000 tons a year at a price then of 25p. It reckons that if it reduced advertising sales would fall to 4,000 tons and the cost per tin would have to be raised to 26p. At 2,000 tons the price rises to 29p, and the whole operation becomes unviable. Cadbury is one company that explains to its workforce why it advertises.

The Marvel example shows how important advertising is in the marketing of packaged goods, and what a bargain consumers get as a result. David Orr, chairman of Unilever, said in July that his company spends £180m. worldwide on advertising. It sounds a vast sum, but in the U.K., for example, where Unilever is the second biggest advertiser (after,

extra cash going below the line: essentially service industries which reflect the state of the economy. This year business salesmen and the retail buyer. Companies can sell their goods on price for a time, but last but hardly represents real growth. There is, perhaps, potential in the fact that large companies are less willing to employ their own marketing services departments, and instead will help outside when needed.

The consumer goods side of marketing tends to hog the attention because it contains the largest marketing departments, and budgets, but there is a steady, if slow, spread of marketing methods among the capital goods companies. This is particularly true on the research side, whose feasibility studies are now quite common. But industrial marketing still lacks a loud, central voice, and progress in a market like agricultural feeding stuffs makes little impact in other fields. Industrial marketing retains some of the characteristics of traditional selling: for example, there is a heavy employment of salesmen. These days consumer goods companies have reduced their sales teams and rely on head office selling and on merchandisers in the field.

The industries that live off marketing—research, PR, advertising, design, etc.—are a varied activity is doubtful. To a great extent the marketing revolution has never happened. Just when the discipline was gathering steam in the late 1960s the attention switched from a spending approach to growth, which is the marketing approach, to the more restrictive attitudes of the accountants. As against the U.S. we have only 100 or so marketing graduates now in industry and the business schools are not making the impact that was expected from them.

The advertising trade bodies are perhaps still too numerous and, although the Institute of Marketing is increasing in influence, marketing requires one strong national body able to represent all its myriad faces.

Whether this can ever come about in such a competitive and varied activity is doubtful.

### ADVERTISING EXPENDITURE BY TYPE

(£m.)

Type	1960	1964	1968	1972	1973	1974	1975	Percentage of Total	1960	1964	1968	1972	1973	1974	1975
Display advertising:															
Press*	151	181	193	270	322	328	380	46.7	43.5	39.3	38.1	36.8	36.4	37.2	
Television	72	102	129	176	210	203	236	22.3	24.5	25.6	24.9	24.0	22.6	24.4	
Other media†	22	26	27	34	40	48	53	6.8	6.3	5.4	4.8	4.8	5.3	5.4	
TOTAL	245	309	349	480	572	579	669	75.8	74.3	69.4	67.8	65.4	64.3	67.1	
Financial notes etc.**	4	6	10	17	18	13	14	1.2	1.4	2.0	2.4	1.8	1.4	1.4	
Classified advertising, Trade and technical journals	43	64	98	150	212	228	218	13.3	15.4	19.5	21.2	24.4	25.3	22.5	
TOTAL	31	37	46	61	73	80	86	9.7	8.9	9.1	8.6	8.4	8.9	8.9	
TOTAL	323	416	503	708	874	900	967	100	100	100	100	100	100	100	100

\* Excluding financial, classified and advertising in trade and technical journals.  
† i.e. poster and transport, cinema, radio.  
\*\* Company reports, prospectuses and other notices, but excluding display advertising by financial institutions.

### ADVERTISING EXPENDITURE

(£m.)

	At 1970 prices	At current prices	Consumer expenditure	GNP
1952	N/A	123	1.23	0.94
1953	N/A	127	1.27	1.07
1954	N/A	133	1.33	1.28
1955	436	138	1.38	1.38
1956	436	145	1.45	1.37
1957	455	171	1.71	1.41
1958	599	229	2.29	1.53
1959	716	242	2.42	1.58
1960	827	261	2.61	1.77
1961	930	293	2.93	1.85
1962	953	344	3.44	1.87
1963	954	354	3.54	1.76
1964	954	391	3.91	1.68
1965	904	398	3.98	1.79
1966	908	374	3.74	1.94
1967	867	366	3.66	1.74
1968	864	367	3.67	1.84

\* Figures in this column are obtained by deflating the current price figures by the combined index of media rates.

### ADVERTISING EXPENDITURE BY MEDIA

(£m.)

Media	1960	1964	1968	1972	1973	1974	1975	Percentage of Total	1960	1964	1968	1972	1973	1974	1975
National newspapers	64	86	99	130	160	161	162	18.2	20.7	19.7	18.4	18.3	17.3	16.8	
Regional newspapers	72	95	121	158	236	273	282	22.3	24.5	24.1	26.5	29.3	30.4	29.2	
Magazines and periodicals	40	46	50	60	72	71	79	12.4	11.1	9.9	8.5	8.2	7.9	8.2	
Trade and technical journals	31	37	40	61	73	80	86	9.7	8.9	9.1	8.6	8.4	8.9	8.9	
Directories (inc. Yellow pages)	2	3	8	15	17	16	20	0.6	0.7	1.6	2.1	1.9	1.8	2.1	
Press production costs	15	18	23	44	46	48	49	4.6	4.3	4.6	6.2	5.3	5.3	5.1	
TOTAL PRESS	229	288	347	498	624	649	678	70.5	69.3	69.0	70.3	71.4	72.1	70.1	
Television	72	102	129	176	210	203	236	22.3	24.5	24.1	26.5	29.3	30.4	29.2	
Poster and transport	16	18	20	26	31	34	35	5.0	4.3	4.0	3.7	3.5	3.8	3.6	
Cinema	5	6	6	7	7	8	7	1.5	1.4	1.2	1.0	0.8	0.9	0.7	
Radio	1	2	1	1	2	6	11	0.2	0.5	0.2	0.1	0.2	0.7	1.1	
TOTAL	323	416	503	708	874	900	967	100	100	100	100	100	100	100	100

### INDEX OF MEDIA RATES

1961-1975 (1970=100)

Year	National dailies	National Sunday	Regional dailies	Weekly papers & periodicals	Magazines	Trade & technical journals	Total Press	TV Index	Year on year % change	Combined Index	Year on year % change
1961	76.9	30.0	77.8	74.1	22.0	67.7	74.4	85.8		77.6	
1962	76.4	30.6	79.1	74.6	22.3	70.5	75.2	+1.1	91.6	+6.6	79.8
1963	78.6	39.7	79.3	78.6	26.2	71.6	77.9	+3.6	84.9	-7.5	79.8
1964	80.7	30.1	78.4	79.9	27.9	74.1	79.3	+1.8	93.4	+10.3	82.2
1965	83.9	38.6	83.2	81.4	32.5	76.2	82.3	+3.4	91.2	-2.3	84.7
1966	84.4	37.7	83.8	80.7	33.4	82.1	83.7	+1.4	94.3	+3.9	86.7
1967	85.3	38.1	84.7	82.7	32.4	83.7	84.4	+0.8	99.3	+5.4	88.3
1968	87.5	39.5	85.7	85.3	32.2	82.3	89.5	+6.0	114.8	+14.9	96.8
1969	93.1	44.3	91.5	89.3	31.7	83.0	92.3	+3.0	109.0	+5.0	96.7
1970	100.0	100.0	100.0	100.0	100.0	100.0	100.0	+8.5	100.0	+8.3	100.0
1971	107.7	107.1	109.6	104.3	108.9	113.1	108.8	+8.6	109.0	+0.9	108.7
1972	111.1	114.5	118.3	114.5	110.4	119.0	114.5	+5.4	123.9	+13.7	117.2
1973	116.1	120.3	120.6	117.0	113.3	126.3	118.5	+3.5	136.8	+10.4	122.5
1974	137.9	138.2	140.7	131.9	132.0	145.1	137.7	+16.2	139.5	+5.3	133.7
1975	172.4	161.2	152.4	176.6	160.2	176.9	177.5	+28.9	154.9	+19.6	171.6

Note: The TV index takes account of discounts from rate cards, while the press index does not.

## Market performance

IN THE last ten or 15 years the British economy has had a lot of ups and downs, but more downs than ups, with the result that in almost every respect it has finished the period weaker than it began. What is true of the economy in general is even more true of advertising. Total advertising as a proportion of the U.K.'s stagnant national product has fallen from 1.42 per cent. in 1960 and 1.26 per cent. in 1968 to 1.04 per cent. in 1975. This fall of about a quarter in advertising's share of the GNP is matched by the decline in advertising jobs. Institute of Practitioners in Advertising (IPA) agencies employed 20,000 people in the mid-1960s, and at the last count that figure had fallen to about 13,000.

These basic figures are a first step to understanding the position of advertising, but they are no more than a first step. Advertising is a flexible tool and is used by different advertisers for widely different purposes. It would be a surprising coincidence if the fortunes of all the various types of advertising moved in the same way at the same time. In fact there are major differences in trends for various types of advertising, and it is only by a study of these trends, both in the short term over the trade cycle and in the long term as a reflection of economic tendencies, that advertising as a whole can be properly understood as part of the economic system. For the purposes of this article, there is only space to concentrate on the three sectors of advertising which over the past few years have played the most important role in the fortunes of advertising and the media dependent on it. These are manufacturers' consumer advertising (MCA), classified advertising, and retail advertising.

Most people outside the industry, and some in it, believe that all advertising approximates to the detergent commercial. This is very far from the truth, but certainly no one would deny that advertisements from manufacturers trying to sell their products to consumers

play an important part in advertising, and are vital to certain media such as television and women's magazines. It reflects, rather badly on the advertising industry, that satisfactory statistics for this crucial area are available only from 1968, but since then we are able to chart the progress of that sector of advertising. In 1968 the MCA sector amounted to 0.65 per cent. of the national product and 47.5 per cent. of all advertising expenditure. By 1975 these figures had fallen to 0.42 per cent. and 40 per cent., respectively. In other words just as advertising has done worse than the economy as a whole, so MCA has done markedly worse than advertising as a whole.

There is no mystery as to why this should have been the case. Manufacturers' advertising, like any other input to the productive process, depends sooner or later on profits, and in an economy as badly starved of profits in the private sector as the U.K.'s has been, it is scarcely surprising that MCA, like investment, has been going through lean times.

For many media, particularly newspapers, classified advertising, at least until the last year or two, has been the silver lining to the MCA cloud. Between 1960 and 1974 classified almost doubled its share of total advertising expenditure, from 13 to 25 per cent., during which time it expanded five-fold in money terms. Naturally for a sector about 50 per cent. dependent on the highly volatile job advertising market, the upward movement was not regular, but instead rose and fell violently over the trade cycle. Nevertheless the dynamic upward movement was evident, and although it by no means made up for the relative decline in MCA, it certainly cushioned a number of media, particularly the regional Press, against this uncomfortable trend.

I have already pointed to the decline in profitability as a major factor affecting MCA, but in the late 1960s and early 1970s there was another cause for concern which many observers felt

might in the long run prove even more dangerous for the advertising industry. This was the major shift in power which occurred in the 1960s, particularly after the abolition of RPM, against the manufacturer and in favour of the big retailers.

Advertising economics is a complex business. Harold Lind of the Advertising Association explains how the market's performance has developed.

The former found themselves forced to pay an increasingly large part of their marketing budgets in direct deals with retailers to get distribution, thus leaving them, particularly in bad times such as 1970-71, with less to spend on media advertising. The situation was made worse from an advertising point of view by the apparently widespread belief among retailers that their locations and in-store promotions covered most of their marketing needs, so that advertising was something they could take or leave alone.

It is still not sufficiently realised just how important and beneficial it has been to advertising that retailers seem now to have almost completely reversed this attitude. Over the past four or five years retail advertising has proved the most dynamic sector of advertising, with the amount spent trebling between 1970 and 1975. Even in the deep recession of 1974-75, retail advertising was the only sector to maintain its previous growth. Although there has been a relative decline of advertising over the past decade this has not been a steady movement. Advertising is a very cyclical activity, and the graph of advertising in real terms is not linear, but in statistical jargon, exempts random fluctuations around a declining trend. This means that from time to time

there have been upsurges in advertising expenditure, but in general each upswing has been a little lower than the last and each downswing a little deeper. In the last year another advertising upswing has got under way, beginning as is usual with television advertising, and then spreading through to Press display advertising. Although figures are not yet available to show this, there is little doubt that classified advertising will, just about now, be moving strongly ahead from its extremely depressed position of 1975.

Television was the first to increase, and because it had been the hardest hit a year earlier, the period with which comparisons are made, it has been the first to show apparently spectacular gains. This has of course given rise to the usual crop of stories about a new licence to print money, but this is still far from the truth. The real position can be appreciated only by going back to the best measure of real resources we have, advertising as a proportion of GNP. On the basis of the Young and Rubicam forecast for 1976, we find that TV advertising in the year of its great advance amounts to 0.30 per cent. of the national product.

On a comparable basis, the figure for 1969 was 0.34 per cent. Since 1969 was not even a particularly good year for television advertising, these facts do not square with the journalists' picture of television contractors desperately embarrassed by the overwhelming demand for their product. Press advertising always moves later than television, and much of the recovery here is expected to come at the end of this year and go on into 1977. But again, these increases, which in percentage terms often look spectacular, particularly to those who have not yet fully grasped the impact of inflation, are put in perspective by comparison with the GNP. The Y and R forecast suggests that total advertising, as defined by the Advertising Association, in 1976 will amount to 1.09 per cent. of the national product, a recovery in advertising which is a long way from the 1.42 per cent. of 1960.

## ADVERTISING AND MARKETING II

## Rules of conduct

“Many of our regionally established clients, particularly in the travel, financial and industrial fields, felt the need for an intra-regional medium capable of high-frequency reach to such an influential audience. We had monthly journals, weekly newsmags, but no daily. The Journal is now becoming an automatic choice. It's informative, authoritative, and immediate. Editorially, there's ♦♦♦

## NOTHING TO TOUCH IT.

JACK HAWTHORNE  
Regional Coordinator S.E. Asia  
Ogilvy and Mather International Inc.

## ...THE ASIAN WALL STREET JOURNAL

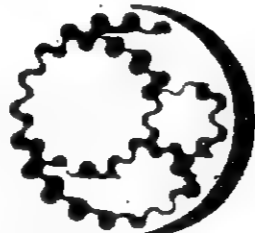
For more information about The Asian Wall Street Journal contact your nearest Wall Street Journal advertising sales office



‘Thank you Marketforce.’

House-to-house distribution enabled us to give housewives a 4p coupon towards the purchase of New, Improved Persil. You did a good job and it showed.

LEVER BROS.



Donnelley Marketforce (Distribution & Promotions) Ltd., 97 Dalston Lane, London E8 1NH. Tel: 01-254 8966

Marketforce

FEELINGS ON the subject of advertising controls have calmed down considerably since the period immediately following the momentous 1974 Advertising Association Conference when both the Secretary of Prices and Consumer Protection and the Director General of Fair Trading made it clear that unless the industry took steps to put their own house in order, the Government would do it for them. Though certain types of advertising—most notably tobacco—may still be the subject of Government action, the threat of more general legislation seems to have receded for the time being.

The industry remains, however, very sensitive to criticism. The general feeling seems to be that it has already done all it could be reasonably asked to do and that any further demands by the Government would be merely pandering to the demands of the Left. Indeed some people in the industry go as far as saying that any further moves to control advertising would constitute a fundamental attack on the whole system of free enterprise and competition.

## Questioned

The industry has indeed done much of what it was asked to do by Mrs. Shirley Williams when she was Secretary of Prices and Mr. John Methven when he was Director General of Fair Trading. Both told delegates to the 1974 AA conference that it was no good having a voluntary code of control unless its existence was known to the public at large.

They also questioned the extent to which the Code was enforced in fringe areas of advertising and expressed their doubts as to whether there was sufficient protection for the vulnerable groups in society, like the very young. They also wanted more pre-vetting of advertisements, particularly in special areas like tobacco and drink, and stressed the need to bring people from outside the industry on to the review bodies.

To coincide with the Conference, the industry had already published a revised version of

the existing voluntary code of conduct which consolidated all the changes that had been made since its inception in 1961. But in response to the requests of Mrs. Williams and Mr. Methven, the Advertising Association began to look for new ways of financing the Advertising Standards Authority which was set up as an independent body in 1962 to supervise the code. The result was a levy of 0.1 per cent on all advertising expenditure other than on television and radio or on classified advertising. (Television expenditure was excluded because TV and radio advertisements were separately controlled through the Independent Broadcasting Authority and neither Mrs. Williams nor Mr. Methven seemed to think that this system of control, which is based on pre-vetting of advertisements, needed the same strengthening that the rest of advertising required.)

The £350,000 raised by the levy in 1975 meant that the ASA was able to increase its staff and start advertising its existence to the public. The campaign, which was financed both by the levy and by contributions of free space from the media, asked the public to write to the ASA with any complaints they had about possible infringements of the Code. The result was that the number of complaints increased from an average of about 500 a year to 4,086 in the 12 months to March of this year. Many of the queries received were outside the scope of the ASA but 56 per cent of those complaints investigated were upheld.

The ASA has also increased the number of non-industry representatives on the Council and now outsiders are in the majority. The industry has not, however, gone all the way to meeting the demands for increased outside representation. There are still no outsiders on the central executive and policy making organ of the advertising industry's system of self-regulation, the Code of Advertising Practice Committee. To many critics of the voluntary system of control this remains a weakness though the ASA

argues that putting outsiders on CAP would defeat the whole idea of self-regulation. The OFT could press this point in the future but for the moment there seems no immediate danger of changes being imposed on the general system of control by the Government, though the idea of a control body, financed by a tax on advertising, may raise it again in Labour Party documents before the next election.

## Voluntary action to produce a new code of conduct for the industry has helped to delay threatened laws, says Elinor Goodman.

The threat of further action now seems to be isolated to certain specific areas. The ASA has now taken over responsibility for the code of conduct governing tobacco advertising and in March of this year a new, tougher code came into effect under which the ASA undertook to prevent tobacco advertisements. The changed rules went some way to answering the Government's criticism of tobacco advertising but Dr. Owen made it clear before he moved away from the Department of Health that he had some major reservations about the way it was working. And, with the Consumers' Association and the anti-smoking organisation, ASH, protesting vigorously that the controls are not yet working properly, it seems that further changes will be demanded before very long.

In this situation, the appointment of a new Minister of Health as well as a new Secretary of Prices in the recent Ministerial changes, is particularly interesting. Other legislative changes affecting advertising may also result from the OFT's consultative document on proposed amendments to the 1968 Trade Descriptions Act. Though the

document ruled out the need to apply for an injunction to stop advertisements appearing on the sole proof that they were likely to mislead, it would be needed to show the advertiser had deliberately set out to mislead the consumer.

## Objecting

The British advertising industry has not been alone in objecting to this directive and it seems likely that it will be revised. While a considerable effort is being put into lobbying in Brussels, it is generally seen as an immediate threat.

In the circumstances it is perhaps not surprising that the subject of advertising control is no longer quite the live issue within the industry it was years ago. But, the critics are not dissatisfied with the present system as Elinor Goodman, Secretary of the Advertising Association, made clear at the year's Advertising Association Conference. In her view, the advertising industry should itself be worried about the number of advertisements which could be considered misleading which still appear. Membership CA are not, she insists, against advertising as such but they want to see its standards improved. The solution, she says, is not more legislation but the creation of a small public body financed by Government, which would look after the public interest in advertising.

It is easy for those who agree with Miss Goodman to criticise her for not understanding how advertising works and for taking an unduly pessimistic view of the average consumer's intelligence. Similarly, it is possible to poke fun at the mass of complaints which the ASA received each month by the ASA. But having spread the message of "legal, decent, honest and truthful," the ASA has got to live up to its promises. Just as standards have changed in the last 100 years, so they may have to again in the future if the advertising industry is to continue to move with the times.

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## Direct mail

## Put your marks where the Deutsch are.



In HÖRZU. The most widely read magazine in Germany. Nearly 13 million readers. Each week.

That's right, nearly 13 million. 28.7% of the adult population (46% men, 54% women). In all income and age groups. And 85% of them are regular readers.

You get them each week. So you can expect a quick response to your ad.

Any kind of ad. Any region. You can run big ads, small ads, gatefolds, consecutive page ads—whatever you need.

And you can book them in each of 6 geographic areas, or nationally, or on a North/South basis.

It's like getting 11 insertions for the price of one. You get readers who look at their HÖRZU for

11 straight days. The first week as an illustrated magazine, the second week as a TV programme guide. At no extra cost. Which means your ad

has 11 chances of being noticed.

HÖRZU! If you're advertising in Germany without it, you're not really advertising in Germany.

May we send you a complimentary copy, plus additional details? For the United Kingdom simply phone: Kristian Wentzel, tel: 01-499 29 94-5, 493 99 54. Or write him at: The Axel Springer Publishing Group, 58, Jermyn Street, London SW1Y 6PA. Telex 267 627.

For other countries: Axel Springer Verlag AG, Advertising Sales International, Postfach 30 46 30, D-2000 Hamburg 36, tel: 40-347 28 84, telex: 217.001 888 as d.



More Deutsch for your marks.

Source: MA1976

THE PAST two years have been a test for direct mail advertising and retail selling. High rates of inflation plus a doubling of postal rates have had a big impact on the industry. It has not come out unscathed, for there have been many redundancies and some failures.

It has been a test of the industry's management skills, too, for some of the more resilient companies have come out on top, even if in a smaller form, while others have flourished. The industry has emerged from its worst recession knowing that it has to try harder for sales and that clients are much fussier about the work that is done for them. The next few years are likely to be ones of concentration rather than fast growth, and during this phase there is still a great deal that can be done to improve the quality of service, particularly with regard to lists and creative work.

The experience over the past two years has made customers seek smaller mailings, especially in those cases where postal costs account for the bulk of the overall expense. Many people have been surprised that it is still possible to get better results from smaller mailings, by preparing the advertising better and using a fully up-to-date and specialised mailing list. In addition, there has been some price-cutting, with some clients getting very price-conscious at the expense of quality of service. According to one direct mail house, "Some clients have been getting three or four quotations for even a £50 job, and then choosing the cheapest." Another house stresses that one can no longer afford to waste mailings and that "clean" lists must be used, with names and addresses fully up to date.

Penetration

But there is not total gloom in the industry, because of the realisation that direct mail has still made a relatively small overall penetration in the market, leaving scope for large growth in future years—provided it can be done at an economic rate for the customer. Even the big houses have been moving into this area, seeking people who have never used the medium before, largely because of a lack of awareness of the benefits it can bring.

In this regard, the Post Office's continued marketing of direct mail has been welcomed in the industry. But more people need to follow this example, and even bring fresh

research into the industry. The last time that any real effort was made at market research was way back in 1971, before the rise in inflation and postal rates brought the current problems.

The fieldwork was done in the middle of 1971 by the Direct Mail Analysis and Development Committee, comprising the Post Office, the Direct Mail Association and other major advertising organisations. Among its findings, were the main reasons for using direct mail. In order of preference, these were:

- 1 It provides personal and direct contact with the target group.
- 2 It is selective and can reach the right people.
- 3 It is cheaper than other media.
- 4 It is both quick in production and in results.
- 5 It is effective.

The study group found that the main reason for not using direct mail was ignorance. Most of these findings are still true today, with the main qualification being its cost effectiveness against competing media. (This is still a moot point in the industry, some arguing that after the doubling of postal prices, the price competitiveness has been lost. Not everyone agrees with this view.)

The main conclusion of the survey was that direct mail was not regarded as being an integral part of the advertising mix and that some action was necessary to make people more aware of its advantages. For example, they argued that users should be made aware of the high percentage of mail which was actually opened and read by recipients. "Response and cost effectiveness therefore depends directly on: whether the content is of direct relevance to the recipient, whether the content is interesting and well presented, . . . is genuinely informative . . . is correctly addressed to a named individual." Although these conclusions speak for themselves, it is only really since the recession that both the industry and clients have taken the message to heart.

Among the efforts being made by the Post Office to promote the wider use of direct mail

(which is obviously in its own benefit) are the production and dissemination of informative booklets on the subject, lectures and talks to a wide audience, and the setting up of a consultative division to help users get better results. This process is still carrying on and supplements the normal help given to users, which includes a bulk rate service that has not

changed while basic postal rates have gone up and applies directly to users that send 4,250 or more identical pre-sorted letters or packets, on a graded scale. There is also the Free-post service which allows recipients to reply on their own stationery but without using a stamp.

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# "Davidson Pearce. They're animals."

Chimps. Sheep. In spite of the fame of these two campaigns we decided far too many people knew far too little about us.

Details of our billing, growth, client list, etc. are below. All the essential facts are there. It shows what our successes are but it doesn't say much about us as people, the standards we set for ourselves, or anything about our attitude to business. That's what we will now try to do.

## Billings & Growth

Despite all the economic ups and downs in the last five years Davidson Pearce has gone on growing every year. We started in 1970. We then billed £5.3m. We now bill over £14m, making us about 10th in size amongst agencies in the UK.



Inflation is not responsible for this growth. Half has come from existing clients in the form of new assignments and also from developing and launching new products with them. Some of these new products are:

- Hygiene QA
- Hygiene White Space
- Brooke Bond
- Brazilian Blend Coffees
- Batchelors Cup-a-Soup
- Batchelors Savoury Rice & Pasta
- Remington Hair Styler

Existing clients who have awarded us additional assignments include: Lever Brothers, British Gas, Chesebrough-Pond's, Optrex, Colt International, Batchelors, Brooke Bond Oxo, Hygiene. The other half of our growth has come from our appointment by new clients including Crown Decorative Products, D.E.R., International Wool Secretariat, Lansing Bagnall, Meat Promotion Executive (M.E.A.T.), Prudential Assurance, Sleepzeez Beds, Smedley HP, together with new product assignments from: Beedham Foods and Van den Berghs.

Client List

We work for:-

Batchelors	Beechams (NPD)	British Gas	Brooke Bond Oxo
Central Office of Information	Chesebrough-Pond's	Colt International	Crown Decorative Products
Domestic Electric	Rentals	Hawker Siddeley	Aviation
Hygiene	International Wool Secretariat	Lansing Bagnall	Lever Brothers
Meat Promotion Executive (M.E.A.T.)	Optrex	VG Grocery Group	Paynes Confectionery
P&O Group	Prudential Assurance	Robinsons of Chesterfield	Sleepzeez
HP Smedley	Sperry Remington	Van den Berghs (NPD)	Wates
Youngs Seafoods			

At present we have:-  
12 clients billing between £100,000 and £250,000  
3 between £250,000 and £500,000  
4 between £500,000 and £1,000,000  
6 over £1,000,000

Staffing & Organisation

We have 150 people in the agency. We believe in better. Our organisation is based on the principle of individual responsibility. This everyone is directly involved in producing better work, and in supervising everyone else's work. So we are executive, creative and media. Formerly Product Groups around our clients' business. These groups are responsible for every aspect of work from major campaigns to the smallest, single tickets. It is a central point of agency policy that our creative and media people, not just our executives, should be in direct ongoing contact with our clients.

The Product Groups are supported by 38 specialists in our research, progress, print, production and special projects units and they are backed by the 29 running our financial and administrative services.

Davidson Pearce Berry & Spottiswoode Ltd.,  
67 Brompton Road, London SW3 1EF.

## We don't say things for clients.

One of the central principles we hold at Davidson Pearce is that it is not an advertising agency's job merely to say something for an advertiser. It is to do something to a consumer: to challenge a long-held belief, confirm a choice, change an attitude, remove a prejudice.

This affects everything we do. It means we do truly believe advertising is about selling, not simply about conveying information.

We don't hold the view that selling is a bit smutty or infra dig. In fact, we have little or no time for those people who, whilst they live off the earnings of industry, business, manu-

facturers and salesmen, see themselves as having a superior place in society because they are not to do with anything as 'unworthy' as commerce.

So we do sell. But we don't do it within an 'agency style'. We distrust agency styles. We think each company, each product, each audience, each proposition is different. Each selling problem therefore demands that it be tackled fresh every time - not within some agency creative formula.

We do believe that the only effective way to develop advertising which will work is by agreeing a tightly argued strategy with our client. (Before we start creative work.)

We have a simple and highly practical method of developing advertising strategies which makes sure our advertising is both relevant and competitive.

Advertising is not a message between interested parties.

We do not think advertising is a message between someone who has something to say and someone who wishes to listen. In our experience this is rarely the case. Any ad or commercial has usually got to overcome a great many barriers before it can even start to work: the barriers of indifference, cynicism, distraction, confusion. This attitude substantially affects our approach to the creative work we produce. We believe 'creative' work should be creative, not just for the sake of it, but because if it isn't it either won't sell or it won't sell as effectively.

## Creativity is not an 'extra'.

We do not think therefore that creativity is something you go in for some of the time, we believe it is something you cannot afford to do without. Ever.

At Davidson Pearce we see it as our responsibility to produce work of the type we've just described - not just on some accounts - but all accounts. Not just some of the time but all of the time. Size of billing is irrelevant to the argument.

To achieve this you cannot have a hiring policy based on first and second teams. We don't. It means that we cannot take on novices

who will learn their craft on our clients' business. It means that we expect a great deal of our creative, executive and media people. It means that we look for clients, and enjoy working with clients, who want to produce work that is exceptional rather than ordinary. Clients who encourage us in trying to find more compelling, original ways of selling their products.

This has always been the best way to set about producing advertising. It is very hard work, often very difficult, and always very rewarding. And we believe that today it is more relevant than ever before.

## Today's problems: not new, just worse.

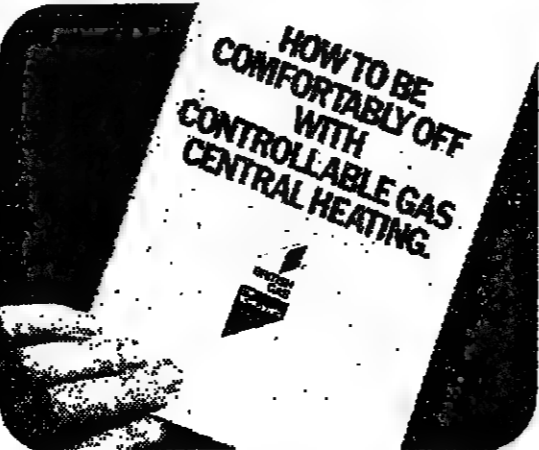
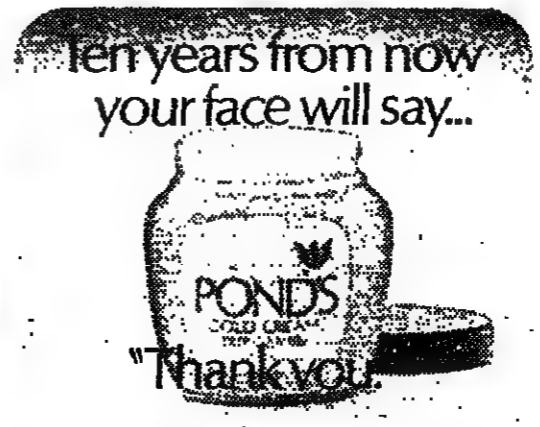
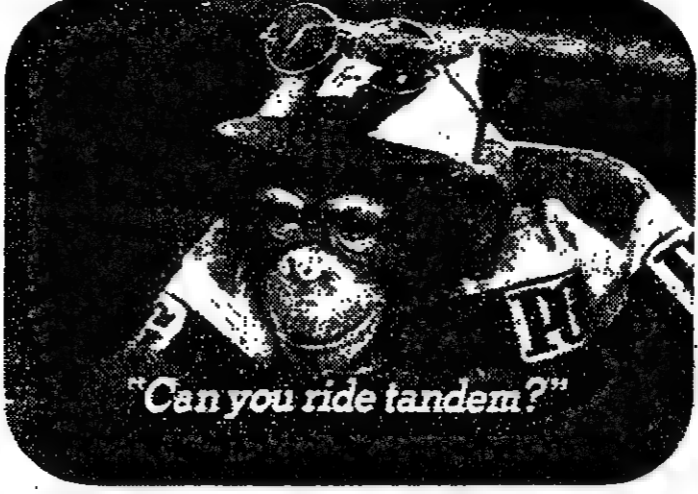
Along with all other costs, media costs are rocketing. And they won't come down. Most manufacturers' margins are getting smaller not bigger - and that situation isn't going to change overnight.

The need to sell more to make up these profit deficiencies is greater, and yet the advertising pound is buying less each year. Significantly less. This situation is not new. It's just worse than it has ever been. It has been in this climate that we have grown. Indeed it's partly because of an ability to make our existing clients' money work harder, that 50% of our growth in the last five years has come from new assignments from these clients.

Advertising today is going to have to sell harder than ever before. And that does not mean retreating in a mindless way to catch phrases about 'hard sell'. It means harnessing creativity to marketing and advertising more efficiently.

We've been doing it for some time. That's really what we're about. And we like what we're doing. We like business. We like the people we work with. We look forward to a time when the economy really picks up - but in the meantime we reckon there are real rewards to be gained by those companies and those agencies who know their job better and are prepared to work a bit harder than the others.

If you would like to know more about the way we work, as well as the way we think, contact either Christopher Hawes or Norman Berry. 01-589 4595.



## ADVERTISING AND MARKETING IV

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Each month, 2 editions: one in French, one in Flemish. For optimum national coverage. C.I.M. survey: 83,300 readers. Circulation: by computer selection to decision-makers in "A" and "B" ranking industrial, commercial and financial companies.

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## Magazines

THE NUMBER of magazines published in Britain is over twice the number of words in this article—an indication of the breadth and rich variety of this sector of the communications field. And while it is traditionally discussed as a single sector, it comprises a number of distinct groups, each moderated by its own distinct set of market factors, though naturally the general economic climate, and in particular the agonies of the past two years, are common to all of them.

The primary distinction is between consumer publications on the one hand and trade and technical publications on the other. In both groups the economic recession and inflation have together had a thoroughly depressing effect on circulations, though in the consumer category inflation has been the main agent, and in this same category there are now distinct signs of recovery. With advertising, while revenues have not kept pace with inflation (and thus have declined in real terms, as have all other media categories, at least over the past two years) their shares of total Press advertising expenditure have remained surprisingly stable, being around 14 per cent. in each case.

This is surprising because the two most buoyant categories of Press advertising do not offer much opportunity to magazines. Retail advertising, which doubled in value between 1972 and 1975 (when advertising as a whole increased by only one-third) and which has enormously helped the newspaper Press and has now split over into

**Magazines cover a wide spectrum—from consumer to technical. As Harry Henry explains here, they have done better than expected in the recession.**

television, does not regard magazines as very practical for its time-constrained purposes, while classified advertising, for many years the main growth area of advertising, has for the same general reason not developed in the consumer magazine Press, though it has grown reasonably satisfactorily in the trade and technical sector. Against these handicaps the performance of magazines is

modestly creditable.

The overall category of consumer magazines logically breaks down into the fields of general interest, women's interest and special interest (which does not imply that there is nothing special about women—simply that there are a lot of them). The heyday of such general-interest magazines as Picture Post was during the immediate post-war years, and reflected merely the shortage of newsprint: except in these special circumstances Britain has had nothing like the dominance in the U.S. of Life, Look and the Saturday Evening Post (whose arrogance is now only a memory), while the many attempts to operate news magazines like Time and Newsweek invariably proved abortive because in Britain this function has for decades been performed by the quality Sunday newspapers.

## Parents

Indeed, almost the major role in the general-interest magazine field is today played by newspapers, with their three week-end colour magazines and their combined circulation of 33m. (though this figure has just been reduced by about 500,000 because of the switch of the Telegraph magazine from Friday to Sunday). These are particularly interesting because, while to an overwhelming extent their acquisition by the reader is involuntary and a by-product of the purchase of a newspaper acquired in its own right, they are read much as they would be had they been bought deliberately. Their circulation patterns, therefore, reflect the circulations of their quality newspaper parents, and have consequently been much more stable than those of magazines in general. On the advertising side, however, the picture is less satisfactory: though at the beginning of this year leading service monthlies. The major part of the decline in the combined circulation of Woman and Woman's Own, from 5m. in 1965 to 3m. now, took place some time ago; and while there has been further slippage during the past couple of years, it is not thought it expedient to raise their advertising rates to match cost-inflation. The Telegraph has used the switch to raise its cost-per-thousand by 25 per cent. or so, but even with this the economics look doubtful. In consequence of their underpricing, of course, the colour magazines are excellent advertising buys, but media planners are rarely as grateful as they should be.

The dominant publications in this field are theoretically not general-interest at all, being the two programme magazines, Radio Times and TV Times. But in advertising terms they are very much general-interest, and between them pick up almost a fifth of all advertising in the consumer magazine sector. Their future, like so many other futures, depends to some extent upon what Annan has to say (though a shotgun marriage would seem improbable), with a third of a million circulation of that glorious past when their combined circulations were around 12m. Of more recent years they have varied from 7m. in 1969 down to 6m. in 1971, up to 8m. in 1973 and down again to 6m. at the end of 1975: like the field in general, they have shown signs of an upturn this year. The odd thing about this pair is that while the gap between them (the Radio Times always being ahead, though now by less than it used to be) varies slightly from year to year, their substantial rises and falls are very much in parallel. If either of them really understands why this happens, it has not been revealed to the world.

Apart from Reader's Digest, very much a case to itself, and the equally idiosyncratic D. C. Thomson publications, this leaves only three major publications in the general-interest group—Weekend, Revue and Titbits. Their combined circulation would be much lower, the

tion of 1.8m. is 25 per cent. down on two years ago (though, once again, the decline seems to have stopped) but their main problem is that advertising agencies find it difficult to determine their role in the advertising mix.

The general interest magazines so far mentioned have a combined circulation of around 15m., the women's-interest magazines as a whole add up to something a little short of this, two-thirds of it being accounted for by the five leading mass-circulation weeklies and the five leading service monthlies. The major part of the decline in the combined circulation of Woman and Woman's Own, from 5m. in 1965 to 3m. now, took place some time ago; and while there has been further slippage during the past couple of years, it is not thought it expedient to raise their advertising rates to match cost-inflation. The Telegraph has used the switch to raise its cost-per-thousand by 25 per cent. or so, but even with this the economics look doubtful. In consequence of their underpricing, of course, the colour magazines are excellent advertising buys, but media planners are rarely as grateful as they should be.

The most consistently buoyant of women's publications have been the "service" magazines, for though there have been launches and closures, and circulation rises and falls, the category as a whole has remained remarkably stable even over the past two years—a stability contributed to in some measure by the sudden arrival, with a third of a million circulation, of Home and Freer of that glorious past when their combined circulations were around 12m. Of more recent years they have varied from 7m. in 1969 down to 6m. in 1971, up to 8m. in 1973 and down again to 6m. at the end of 1975: like the field in general, they have shown signs of an upturn this year. The odd thing about this pair is that while the gap between them (the Radio Times always being ahead, though now by less than it used to be) varies slightly from year to year, their substantial rises and falls are very much in parallel. If either of them really understands why this happens, it has not been revealed to the world.

## Bills

The fantastic diversity of magazines in the field of special interest—hobbies, sports, the arts, politics, sexual aberration and the rest—presents too complex a picture for generalisation. But one factor which affects magazine circulations across their whole field, and makes them particularly sensitive to the equally idiosyncratic D. C. Thomson publications, this leaves only three major publications in the general-interest group—Weekend, Revue and Titbits. Their combined circulation would be much lower, the

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# The overseas Press

ORDERING TO the States could this lead to government interference with editorial content for political ends? Will Press advertising account, advertisers be "forced" to take for 43 per cent. of total advertising expenditure, and television at 17 per cent. only \$50m. is spent in advertising worldwide each day of the year. But the print media have been able to maintain their share over all other forms of communication, is a remarkable achievement, not unexpected, although not unexpected, advertising expenditure from the U.K. has to travel to Latin America to find the print media a smaller role and the television a larger one, taking in the U.K. for instance, advertising expenditure, with an average of 15 per cent. of the total, gives a comparison of the print media in a number of countries, although it should be noted that there are significant differences in the print media, although there is little evidence to suggest this in the advertising expenditure figures. In Holland, for example, all world, for instance, some television advertising, have to pay a surcharge of 5 per cent. but do not show on money paid for time purchased, while others show through production costs as a separate item. Classified advertising is a separate item, and may not be included. West German figures are not measure any advertiser's expenditure, but DM400,000,000, only Denmark, only measures advertising expenditure every five years, 1973, and the last year covered, 1973, and Indonesia have within the last two years, been asked to measure expenditure.

**There is plenty of scope for export advertising, but as Michael Hook says, the Press is the most suitable medium.**

in circulation. Similarly Hör Zu in Germany with readership in the region of 13m., reaches 30 per cent. of all adults. In the U.K. the News of the World reaches 39 per cent. of all adults while the Daily Mirror reaches 33 per cent. These are the real giants.

Conversely the Swiss market poses the problems of distribution that you would expect in a country dominated by the Alps. No one publication can give a truly national coverage, and it is usually necessary to use newspapers in each of the six major towns to even begin to achieve reasonable coverage. And there is the added problem of a country that is trilingual.

Even in France only the main magazines are anything like national in character. The two newspapers, Le Figaro and Le Monde both have more than two-thirds of their circulation in the Paris area—an area which only accounts for one-fifth of the population. To cover Lyon, Marseille or Bordeaux in any great strength the advertiser must include the major regional dailies published in those areas, although next year the new management of Le Figaro is planning local printing facilities.

Belgium poses the problems of a bilingual nation while Holland produces publications aimed at religious groupings. Norway, which is pivoted round Oslo would reach to southern Italy, also poses problems of distribution and has strong regional newspapers.

As one increases one's knowledge of the world's Press, one begins to discover extra items of information, such as the fact that Le Monde in France has a policy which forbids it to use photographs within editorial. Pick up a copy of Le Monde, the only photographs you see are in the advertisements. Portugal sells space by line measurement, not the 14 gate lines common in the U.S. but based on a Didot typeface which allows 13 lines to the inch. And there are still isolated outposts in the world, selling space by the single column inch, although in Europe the millimetre stands supreme. When the U.K. went metric it lost a great chance to follow suit, but adopted a centimetre measurement instead. In fact the European newspaper scene has become even more complicated with Italy just changing to a module system, 108 modules to a page, each module being 45 mm x 1 col. Denmark, and to a lesser extent, Sweden, have recently adopted a standard size format based on the 520 mm column and dividing down by fixed amounts 365, 250, 200 to a small unit of 25 mm x 1 col.

Similarly successful in France is L'Express, which under Jean Jacques Servan-Schreiber, changed from a tabloid newspaper format in the early 1960s to a news weekly and which has almost trebled its circulation since the change. As can be seen from the table there are plenty of technical publications to choose from in Europe. In fact for the industrial advertiser, choosing the right publication can be as difficult as getting the tone of the advertisement right for each individual market.

Fortunately for the British export advertiser, London is the most important centre in the world for information relating to media abroad and particularly Press media. No other city can boast so many offices of individual foreign publications or publishing houses. Add to these the leading

## STRUCTURE OF THE PRESS IN 31 COUNTRIES

Country	Number of Publications	Percentage Newspapers	Percentage Technical	Percentage Expenditure in Press (1974)
Argentina	280	400	50	41
Australia	606	882	1,011	49
Austria	130	—	2,500	49
Belgium	65	74	750	49
Brazil	1,204	50	488	38
Canada	1,108	280	581	68
Colombia	32	10	30	27(1975)
Denmark	50	26	4,000	95(1973)
Finland	232	39	13,422	80
France	163	1,391	15	36
Greece	15	8	15	41
Holland	90	46	135	33
Hong Kong	46	30	20	65
India	793	8,342	2,727	82
Indonesia	87	50	14	N/A
Italy	111	119	1,820	62
Kenya	6	3	3	41
Malaysia	32	43	33	N/A
Mexico	130	200	74	11
Nigeria	28	30	23	45
Norway	152	20	1,000	94
Singapore	10	12	3	72
South Africa	175	344	335	75
Spain	117	32	44	49
Sweden	150	50	600	93
Switzerland	286	170	986	87
Thailand	18	25	6	27
Venezuela	80	35	90	44
West Germany	404	1,070	4,950	65
U.S.	1,700	350	3,500	60
U.K.	1,304	1,141	2,262	70

Source: National Statistics/Ogilvy Mather estimate.  
\* Only 400 used regularly.

specialist representative companies and it adds up to a wealth of experience without parallel. Combining the talents of senior people from publishers and representatives, advertising agencies and advertisers all involved in export advertising is IAA (International Advertising Association), of which the U.K. Chapter is one of the most active. A senior body of representatives forms OPMA (Overseas Press and Media Association), which originally started life as LABENO (London Association of British Empire Newspapers Overseas).

Sound and unbiased media expertise is the pre-requisite for good export advertising. The advantage that the British export advertiser has over other countries is that this expertise is right on his doorstep. An advertising message which does not reach the right people is a wasted message.

## Promotion

The IPA (Institute of Practitioners in Advertising) and AA (Advertising Association) both play their part in promoting the international aspect, while maintaining a watchful eye on the advertising scene in the U.K. There are many other associations, but these are the most active in the overseas media sphere.

Then there are the international advertising agencies, some of whom employ specialists in overseas media, plus the international media buying consultancies which are practically unique to London.

One group of media which are a vital part of the overseas media mix are the international or multinationals which give national coverage over a multitude of countries. Never the coverage you would expect of a national publication but a smaller and more specialised coverage, generally in the area of opinion forming, that is to say businessmen, Government officials or specific socio-economic groups.

Included in this group of publications are such well known names as Time, Newsweek, International Management, Vision, Business Week, Fortune, National Geographic Magazine, Playboy, The Economist, International Herald Tribune, and some not quite so well known such as To The Point International, Scientific American and in-flight magazines such as High Life (British Airways), Holland Herald (KLM), Scanorama (SAS). Outside Europe many of those publications have editions for particular areas. There are also other publications specialising in these markets such as Insight, Far Eastern Economic Review, Middle East, Africa and on September 1 the Asia Wall Street Journal was launched amidst a fanfare of trumpets and publicity.

Until four years ago the measurement of performance of media plans containing local and multinational media in Europe was not possible, but the publication of various pan-European media surveys has changed all that dramatically.

The three most recent and widely used surveys are Euro-style 1975, a jointly sponsored effort by Time, Newsweek, The Economist and International Herald Tribune; EBSRS 1975 produced by the Financial Times; and the recently published Landell Mills 1976, an independent survey up-dating the Conrad Jameson, study of 1973. No one is saying that any of these readership surveys is perfect, but they do act as a reasonable guide and can indicate by computerised data the performance of various media plans using combinations of local and European publications. What these surveys do indicate is that the performance of any media plan against a target of European or Common

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Mr. Kristian Wentzel  
Advertising Sales Manager UK  
Axel Springer Publishing Group  
58 Jermyn Street, St. James's  
London SW1Y 6PA  
Tel. 01-499 2994/5 & 01-493 9954

Dear Mr. Wentzel:  
I am interested in selling to West Germany. So tell me more about the economic significance of the northern half of the Federal Republic and DIE WELT.

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Title \_\_\_\_\_  
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Source: A1.1976

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• 54 % des cadres de 25 à 34 ans.  
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Les Echos

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Le premier des quotidiens et hebdomadaires lus par les décideurs.

## ADVERTISING AND MARKETING VI

# The national Press

IT IS one of the myths of with strong management "doomed" papers can be made to flourish.

There is however, another side to the coin. More than half the national newspapers are losing money, and there will probably be some loss makers even when the economy recovers fully. The popular Sundays have been suffering heavy circulation losses for some years. The Express group papers continue to lose sales year after year, though the Sunday Express remains highly profitable. The Observer, the one paper out of the 15 national mornings and Sundays not to have substantial backing, is in a worryingly exposed position.

But over the years the national newspapers have shown astonishing resilience. In recent years the Sun has been relaunched with spectacular success. The Daily Mail, which was not given a chance by any commentators, has turned the corner, has stopped losing circulation at a time when circulation losses are widespread, is increasing its advertising revenue in real terms, and is described by Bruce Olley, Advertising Director, to be "moving into a profit situation."

The Sunday Telegraph continues to make steady progress in its advertising market, keeping its circulation reasonably intact. It has been unfortunate in having stoppages at the crucial time of the introduction of the colour magazine, but these may do little long term harm.

The Sunday People, relaunched as a tabloid at the end of 1974, has improved its position relative to the other popular Sundays. In circulation it has drawn level with its stablemate, the Sunday Mirror, and it has succeeded in increasing its advertisement rate by 56 per cent, since January of last year.

The Evening News, another successful conversion to tabloid, is launching a regional edition in West and North West London, putting it in direct competition with local weeklies for small-business retail and classified advertising. And the Daily Express has saved money by cutting out Glasgow printing while keeping 85 per cent of its Scottish sale.

These examples illustrate that increase in advertisement revenue that failed to compensate for inflation, these forecasts have been comfortably exceeded. Volume of advertising has been more or less maintained and, because of rate increases, advertising revenue has for most houses, risen faster than inflation.

What is more, advertisement directors are reporting healthy prospects for the remainder of the year and for 1977. In real terms the increases are not going to bring the newspapers back to the heady days of 1973, but they will represent a substantial improvement on the 1975-76 trough—a trough from which the industry is only now beginning to emerge.

### Increases

One reason for the present relative comfort is the scale of advertisement rate increases which most papers have imposed since the beginning of last year. The range is astonishing: the Sun and Sunday People are up 56 per cent, while the Daily Mail and the Times are up 17 per cent.

It would be going too far to say that newspapers have benefited from inflation, but inflation has had a salutary effect and forced managements to face up to the necessity of making large and frequent increases in both rates and cover prices. But the rate increases must be seen in the context of continuing cost increases, with the decline in the value of the pound adding further increases to newspaper bills.

Moreover the table must be interpreted with care because a certain amount of rate cutting goes on. But since no paper ever admits to cutting rates it is difficult to know for certain whether rates are getting harder or softer.

Newspapers (and other organisations too) increase rates for two main reasons—because the market will bear it, or because the pressure of cost increases becomes unbearable. The

### MEDIAN AGE OF READERS

	1968	1969	1970	1971	1972	1973	1974	1975
Guardian	34.8	35.2	35.8	36.4	37.0	37.6	38.2	38.8
Sun	36.2	36.8	37.4	38.0	38.6	39.2	39.8	40.4
Times	37.2	37.8	38.4	39.0	39.6	40.2	40.8	41.4
Financial Times	39.3	39.9	40.5	41.1	41.7	42.3	42.9	43.5
Daily Mirror	40.1	40.7	41.3	41.9	42.5	43.1	43.7	44.3
Daily Telegraph	41.2	41.8	42.4	43.0	43.6	44.2	44.8	45.4
Daily Mail	47.2	47.8	48.4	49.0	49.6	50.2	50.8	51.4
Daily Express	49.1	49.7	50.3	50.9	51.5	52.1	52.7	53.3
Sunday Times	36.6	37.2	37.8	38.4	39.0	39.6	40.2	40.8
Sunday Mirror	37.4	38.0	38.6	39.2	39.8	40.4	41.0	41.6
Observer	37.4	38.0	38.6	39.2	39.8	40.4	41.0	41.6
News of the World	41.2	41.8	42.4	43.0	43.6	44.2	44.8	45.4
Sunday People	43.8	44.4	45.0	45.6	46.2	46.8	47.4	48.0
Sunday Telegraph	44.0	44.6	45.2	45.8	46.4	47.0	47.6	48.2
Sunday Express	48.2	48.8	49.4	50.0	50.6	51.2	51.8	52.4

Source: JICNARS  
July, 1975—June, 1976.

### NEWSPAPER ADVERTISEMENT MARKETS

	Well up	Up	Stable	Down	Well down
Retail	Up	Up	Up	Up	Up
Financial	Up	Up	Up	Up	Up
Food	Up	Up	Up	Up	Up
Cigarettes	Up	Up	Up	Up	Up
Drink	Up	Up	Up	Up	Up
Travel and holidays	Up	Up	Up	Up	Up
Corporate	Up	Up	Up	Up	Up
Medical	Up	Up	Up	Up	Up
Electrical	Slightly up	Up	Up	Up	Up
Cars	Up in early part of year	Up	Up	Up	Up
Mail Order	Down	Down	Down	Down	Down
Industrial	Down	Down	Down	Down	Down
Recruitment	Down	Down	Down	Down	Down
Government	Well down	Down	Down	Down	Down

### NEWSPAPER\* CLASSIFIED ADVERTISING BY TYPE

Type	1970	1971	1972	1973	1974	1975
Recruitment	46	37	50	105	102	79
Property	19	17	24	27	30	34
Automotive	13	17	24	25	28	31
Other	28	34	35	27	38	44
TOTAL	106	105	133	184	198	184

\* Based on national dailies and Sundays, regional dailies, evenings and Sundays and on week newspapers, but excluding free sheets.  
Source: Advertising Expenditure 1960-75.

### ADVERTISEMENT RATES

	Percentage increase since Jan. 1975	Number of increases since Jan. 1975	Current rate (£) per cm	Rate (£) per 100 readers
Sun	+56	3	25.00	0.21
Sunday People	+56	4	26.50	0.22
Financial Times	+42	3	11.00	1.57
Guardian	+40	3	10.50	0.93
Sunday Times	+38	3	22.00	0.58
Sunday Mirror	+38	3	29.50**	0.24
Daily Telegraph	+36	3	17.00	0.48
Sunday Telegraph	+35	3	11.50	0.58
Daily Mirror	+27	2	27.45**	0.22
Daily Express	+23	2	20.90	0.23
News of the World	+23	2	26.50	0.28
Observer	+20	2	12.00	0.55
Sunday Express	+19	2	36.80	0.41
Daily Mail	+17	1	14.00	0.29
Times***	+17(+40)	1(2)	10.50	0.93

\* Rates are not strictly comparable as column widths are not standard.

\*\* The Daily and Sunday Mirrors sell space by fractions of a column, not by cm.

\*\*\* The figures in brackets take account of the Times January, 1975, rate increase.

### READERSHIP FIGURES IN MILLIONS

	1975-76	1975	1974-75	1974	1973-74	1973
Daily Mirror	12.3	12.6	12.1	13.5	13.5	13.5
Sun	12.9	11.8	12.1	12.2	11.4	11.4
Daily Express	7.5	8.0	8.0	8.0	8.0	8.0
Daily Mail	4.8	4.9	5.1	5.1	5.1	5.1
Daily Telegraph	3.5	3.5	3.9	3.8	3.6	3.6
Times	1.1	1.1	1.2	1.3	1.3	1.3
Guardian	1.1	1.0	1.2	1.3	1.3	1.3
Financial Times	0.7	0.7	0.9	0.9	0.9	0.9
N. of the World	12.5	14.0	14.7	15.4	15.6	15.6
Sunday Mirror	12.1	12.4	12.8	13.0	13.2	13.2
Sunday People	11.4	11.8	12.3	12.7	12.8	12.8
Sunday Express	9.0	9.4	9.7	10.3	10.7	10.7
Sunday Times	3.9	3.9	4.0	4.1	4.2	4.2
Observer	2.3	2.3	2.6	2.8	2.7	2.7
Sunday Telegraph	2.0	2.2	2.3	2.3	2.3	2.3

Source: JICNARS, January-December, 1973, 1974, 1975  
July-June, 1973-4, 1974-5, 1975-6.

Mail order advertising is down for a variety of reasons. As a result of the G.P.O.'s abandonment of Sunday collections, coupon replies to advertisements in the Sunday papers only reach the advertisers on Tuesday, which is often too late to plan and book the following week's advertising. Increased postage costs have discouraged consumers, and some bankruptcies have been bad public relations for the whole mail order business. Furthermore Government and industry controls have discouraged new companies from entering the business.

While corporate advertising—advertising aimed at a wide range of audiences including Government, shareholders, employees and customers—has been done well, industrial advertising is down, which is normal for this stage in the economic cycle.

Those newspapers able to accept colour advertising in the paper continue to report bookings, and there is no shortage of appropriate colour printing capacity in the country. Printing capacity is a factor limiting advertising in the Sunday Times and in the popular Sundays from now on.

This article cannot be concluded without saying something about the introduction of new technology. Plans in most houses are progressing slowly and managements are taking great care to get union co-operation at all stages. As a result the technological improvements are going to take a matter of years, and there will be no sudden and dramatic improvement, but there is good ground for hope that they will take place without serious disruption.

### NEWSPAPER ADVERTISING BY CATEGORY OF NEWSPAPER 1968/75

	National newspapers - Dailies	National newspapers - Sundays	Regional newspapers - Dailies	Regional newspapers - Weeklies	Free sheets - Newspaper format	Free sheets - Magazine format
1968	64	35	78	42	1	—
1969	73	38	85	48	2	—
1970	71	37	90	51	2	—
1971	70	38	94	55	3	—
1972	86	44	119	64	5	1
1973	108	53	161	83	13	2
1974	107	53	171	86	17	3
1975	108	54	175	89	18	1

\* These estimates are based on a sample survey of free sheets.  
Source: Advertising Expenditure 1960-75.

### CLASSIFIED ADVERTISING EXPENDITURE BY MEDIA

	1960	1964	1968	1972	1973	1974	1975	Percentage of Total
National newspapers	3	15	22	29	41	42	38	19
Regional newspapers	34	47	58	106	154	169	160	23
Magazines and periodicals	1	2	4	5	7	7	7	2
Directorates (inc. Yellow Pages)	—	—	4	10	11	10	13	0
TOTAL	43	64	88	150	213	228	218	100

Source: Advertising Expenditure 1960-75.

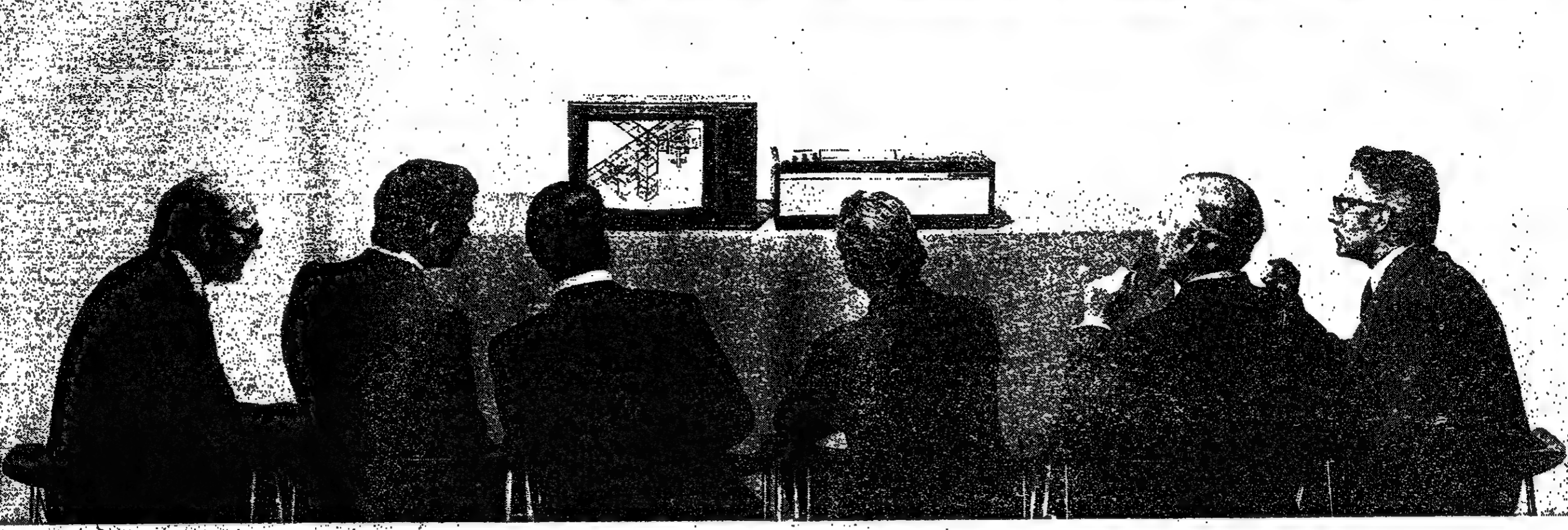
### PRESS DISPLAY ADVERTISING EXPENDITURE BY MEDIA

	1960	1964	1968	1972	1973	1974	1975	Percentage of Total
National newspapers	53	66	68	85	104	106	111	35
Regional newspapers	42	50	52	81	101	104	121	25
Magazines and periodicals	39	44	46	55	65	64	72	25
Directorates (inc. Yellow Pages)	2	3	4	5	6	6	7	1
Production costs*	15	18	23	44	46	48	49	10
TOTAL	151	181	193	270	322	330	360	100

\* Including an element of trade and technical journals.  
Source: Advertising Expenditure 1960-75.

مكتبة الأمل

مكثرون العمل



# The difference between the top picture and the bottom picture could be only a few hundred pounds.

"So now gentlemen, if you're all ready, we will give you our recorded presentation of next year's plans."

Click. Whirrrrrrrrr-bzzzzz. Click. Bzzzzz. Click. Bzzzzz. Click. Click.

"Er, sorry gentlemen. A slight technical fault."

Click. Bzzzzzzzz. Click.

"The engineer won't keep us long, gentlemen."

If you have an unreliable videocassette machine, the above situation will be quite familiar.

It's embarrassing for you, for your company and your company's clients.

Which is why we'd like to tell you about the Sony U-Matic videocassette machine.

One word describes the main advantage the U-Matic has over similar machines.

Trustworthiness.

The U-Matic has an incredible reliability record. And so it should have. It's well-built, well-designed, by people who know all there is to know about

videocassettes.

(Sony invented the U-matic system, which has been adopted by other manufacturers throughout the world.)

It's so reliable, that one shipping company we know has just replaced a whole shipload of other machines, used for showing programmes to the crew, with a fleet of Sony U-Matics.

Of course, this kind of reliability isn't cheap. The U-Matic costs two or three hundred pounds more than some other machines.

But consider what you get.

The U-Matic videocassette machine available in Britain switches instantly to play back the American colour system (when used with a special Trinitron monitor). It also has a Memory and Repeat control, allowing you to repeat the tape ad infinitum.

The U-Matic is the only one with a totally enclosed tape which keeps it free from grease and dirt.

The tape, record, and play-back heads have a life expectancy of up to double

that of competitive machines.

And astonishingly, our cassettes are considerably cheaper to buy. A few hundred cassettes will save you over a thousand pounds.

When you think about these advantages, the extra you pay for a Sony U-Matic starts to look like a real investment.

Especially when the other benefit you get just can't have a price put on it.

The comforting thought that you can go into a big presentation with the U-Matic and come out again without a red face.

**SONY.**

To: Sony (UK) Ltd., Commercial and Industrial Division, Pyrene House, Sunbury Cross, Sunbury-on-Thames. Telephone: Sunbury 89581. Please tell me more about the U-Matic.

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

# SOME QUESTIONS AND ANSWERS ABOUT REACHING THE LIGHT ITV VIEWER

Q: Is there really such an animal as the Light ITV Viewer?

A: Over 40% of the UK population only see about 2½ commercial breaks a day; that is, every week, almost the same 40% watch ITV on average for one hour or less per day.\*

Q: Is it important to reach them?

A: Yes. The Target Group Index indicates that these people represent an above-average profile of users and heavy users of a large number of product groups analysed by them. This means that the likelihood is that, if anything, they do more than their fair share of buying the wide range of goods and services measured by TGI†

Q: Can't you reach them by selective buying of television time?

A: It's very unlikely, because light ITV viewers are always a tiny proportion of the total audience, and this imbalance between them and heavy ITV viewers is constant through all time segments.

In any case, it's virtually impossible to obtain anything other than very low ratings for light ITV viewers, however selective one is.

Q: How can you reach them?

A: The Press provides a means of complementing an ITV schedule and achieving both much greater coverage of light ITV viewers and a better balance between heavy and light ITV viewers than that achieved by TV alone.

Q: Which Press media do this?

A: Most newspapers and magazines will do something in this direction, but quality newspapers and magazines will make the most significant contribution towards correcting the imbalance between heavy and light ITV viewers. The following list shows the extent to which readers of national publications are lighter viewers of ITV.

PERCENTAGE OF READERSHIP WHO ARE  
LIGHT-MEDIUM, LIGHT AND NON-ITV VIEWERS

NEWSPAPERS			
The Times	71.8%	Daily Mail	49.6%
The Guardian	70.3%	Daily Express	44.7%
Daily Telegraph	68.6%	Daily Mirror	33.5%
The Observer	67.8%	Sunday People	32.3%
The Sunday Times	67.4%	The Sun	32.2%
Sunday Telegraph	64.0%	Sunday Mirror	31.1%
Financial Times	61.9%	News of the World	31.0%
Sunday Express	50.1%		
MAGAZINES			
The Sunday Times Magazine	65.1%	Reader's Digest	45.2%
The Observer Magazine	65.0%	Ti-Bits	33.0%
Radio Times	46.2%	TV Times	32.4%
		Weekend	31.7%

Source: Expanded TGI 1974-5.

Q: All the quality publications have a high proportion of lighter ITV viewers, but which ones provide the most effective cover?

A: There's quite a difference in the coverage provided, and it's also certainly true that the larger circulation quality newspapers and magazines are much more cost-effective in reaching these lighter ITV viewers, as the table shows:

COVERAGE AND COST PER THOUSAND  
OF LIGHT-MEDIUM, LIGHT AND NON-ITV VIEWERS

NEWSPAPERS				
	Sec. rate	'000	%	CPI per sec.
THE SUNDAY TIMES	£22.00	2768	15.8	0.79p
Daily Telegraph	£17.00	2449	14.0	0.69p
The Observer	£12.00	1844	10.6	0.65p
Sunday Telegraph	£10.50	1373	7.9	0.76p
The Times	£10.50	785	4.5	1.34p
The Guardian	£9.50	755	4.3	1.26p
Financial Times	£11.00	489	2.8	2.25p
MAGAZINES				
	Colour page rate			
THE SUNDAY TIMES MAGAZINE	£4995	2995	17.1	£1.67
The Observer Magazine	£2950	2223	12.7	£1.33

Q: Is this an advertisement for The Sunday Times?

A: Yes.

If you would like to see our presentation entitled "Measuring the Effectiveness of Mixed Media Schedules," or if you'd like to use Expanded TGI to help you resolve some of the pros and cons of mixed media scheduling, contact your sales executive or Jeff Marks.

**THE SUNDAY TIMES**

The Sunday Times, New Printing House Square, Gray's Inn Road, London WC1N 3EZ, (tel 01-837 1234).

## ADVERTISING AND MARKETING VIII

# Commercial TV

WHEN THE British commercial television industry sat down to its banquet at the Guildhall last week to celebrate 21 years of existence there was just the mildest hint of smugness about the occasion, and not without some justification. After its faltering start ITV has grown up in the most spectacular way. Even Home Secretary Mr. Merlyn Rees had to admit that he had been wrong to oppose the introduction of an advertisement backed service, and that the new television baby had proved to be a healthy and worthy member of the broadcasting family. He did have a few critical things to say about violence and industrial reporting, of course, but overall his words were complimentary.

ITV is currently experiencing one of its economic "ups," with advertising revenue having been flowing fast. Audiences may have left a little to be desired during the summer months but, all in all, things could be a great deal worse. The only clouds on the horizon are formed by concern about the Amman report on the future of broadcasting, and a suspicion that some of the puff may be going out of the advertising boom.

The advertising boom that affected much of the market for the greater part of this year was remarkable—and as yet unexplained. There are a couple of things which ought to be said about the boom immediately. The first is that it was a revenue boom and not necessarily a quantitative increase in television advertising; and the second is that at constant prices revenue has still not recovered to the levels of the golden days in the late sixties and in 1972 and 1973.

Nonetheless the rise in revenue was a very pleasant occurrence, particularly for these companies in the south and

conurbations which seemed to benefit most from it. It put a little bit of fat back onto the corporate bones, and helped the companies to think a little harder about programme investment for the future.

The 1974 slump in revenue really showed last winter and this summer as far as programmes were concerned, although the companies would probably protest that this was not true. They would attribute the decline in audiences in some of the summer months to

is based on two assumptions. The first is that ITV is generally convinced that the fourth channel will not be given to the commercial companies, nor will it go to any organisation which is likely to be competitive in audience terms. A minority channel of some sort would seem the most likely bet, although this has intriguing cultural implications it is unlikely to disturb the financial equilibrium—unless, of course, ITV is asked to finance the new exercise.

Independent television is enjoying a highly successful year in financial terms. This new prosperity is not without its problems. Audience figures have caused concern, and advertisers are not entirely happy.

On this page and opposite, Arthur Sandles reviews the scene.

The superb summer and to increased competition from the BBC. However, there is a measure of evidence to support the view that a thin wallet makes for a cautious programme policy. Now at least the companies can see a little money in the bank and are starting to be much more ambitious in their thinking.

### Fascinated

As far as Amman is concerned the programme companies are what he has to say than concerned about it.

This may seem an insulting thing to say of a committee which has worked long and hard to produce findings which are likely to be given a first formal public airing next summer. It

more important reason why ITV feels that it has little to fear from Amman, is that the Government is in neither the mood nor the condition to recommend or implement radical changes to the broadcasting system. This is particularly the case if any such change were to require any Government funds whatsoever in the form of capital costs. Since this constraint would affect almost any change of any consequence in television, the prospects of the Government acceding to such change are slim.

The fascination with which the commercial companies will watch the Amman report is largely based on the fact that there is a general rule in entertainment that the higher the intellect the less the claim to watch television, and particu-

larly commercial television. It sometimes appears that thinkers wish that the ratings would go away, for the simple reason that the consistent popularity of Crossroads is an embarrassment. If Amman comes to terms with this and succeeds in discussing popular programmes in other than a paternalistic way it will be remarkable.

Clearly the biggest headache for the commercial companies is its report will be the question of who gets the fourth channel nonetheless. There are several viewpoints, although the non-competitive channel is far the most probable outcome. As has been mentioned, it itself would prefer to see allocated to someone who is not going to cause any real trouble. Although a great deal of fuss was made a couple of years ago about claims in the companies themselves would like it, this has tended to be down as they try to work in more detail how it would operate and how it would be financed.

Advertisers, particularly in this past summer, are keen that there should be as much competition as possible. There is little doubt that ITV antagonised much of the advertising industry this year with its attitude towards rate cards, and many an advertising agency would dearly love to have placed its money elsewhere. There have been various ways to introducing such competition but the simplest would be to have overlapping regional Granada would trounce throughout Yorkshire territory, and vice-versa. The ability to say one company off again another over the same air would delight the advertising industry, but bring furrows to the brows of the television companies.

## New technology

DURING THE past month there have been two major gatherings for those involved in television technology—in London and the South of France. Both occasions provided a remarkable insight into the way in which television has changed over the past two decades, and both provided a glimpse at least of the way things may change in the future. In those two decades the world has changed to colour; instant transmissions from the other side of the globe are commonplace; teletext has become a fact rather than a theory; multi-channel television is available if required; and ENG (electronic news gathering) is the new vogue word.

For the individual in the street the position is baffling enough. For governments, who are likely to face some highly embarrassing decisions in the not too distant future, the implications of this explosion in communications technology are alarming.

### Dilemma

The political dilemma can be boiled down very simply. As far as governments are concerned there is one essential difference between the printed word and the broadcast word. Print takes up paper which, although expensive, is freely available. Unless your political creed says that it should be rationed, there is no need for it to be. The air waves have always been different. In this case there is a shortage of space. Given that only a few people can possibly have access to these airwaves at any one time it is obviously vital that someone, either a government or a body supervised by government, should do the allocation.

New technology has, however, completely destroyed the argument. There is no particular reason why there should not be multi-channel cable television as soon as the consumers feel they can afford to buy it and as soon as suppliers feel the market justifies the investment. In a relatively short time there will be no reason why there should not be multi-channel television transmitted through the air, thanks to new developments in this field. Governments will have to provide fairly convincing arguments to justify free broadcasting not taking on the mantle of free Press. There are signs that these arguments are already being formed.

First on the list of these is the suggestion that a further extension of broadcasting would, in fact, produce an unfortunate dilution in the quality of service overall. It is argued that there are only so many talented entertainers, newsmen and musicians in the country, and to spread them too thinly over a multitude of television chan-

nels would be wasteful and provide a universally poor service. The impact of this spreading would produce a position in which the highest quality would be attracted by the highest money, and that this money would be likely to be drawn to the conurbations. In a free competitive position the valleys of Wales and the mountain areas of Scotland would be deprived of quality television to an extent which would be undesirable.

At the same time there is concern about the impact of a proliferation of television on the present alternative media, newspapers and magazines. In the U.S., where there are still strict controls but much more flexibility than in the U.K., there are already more television stations than newspapers. The Press in its present form is regarded as too important a part of our national life for it to be sacrificed on the altar of commerce.

The pressures for change in the field of broadcasting are unlikely to build up for a very long time, however, and Government can put off the evil day largely because our geographic neighbours are likely to take a similarly restrictive view of the prospects. Citizens Band radio, multi-channel cable and public access television are things which we may read about happening in other lands, but are probably a long way off as far as Britain is concerned.

Much more pressing is the subject of Teletext, which is now a fact and only awaits a bit of financial, technical and political push for it to start rolling fairly fast. Teletext is the transmission of information over the same channels as normal television material without interfering with the normal signal. Sets can be adapted to receive this extra signal, and once this has been done the consumer can choose from a hundred or more information sheets.

He thus has access to the weather, stock market prices, the news headlines, sports results, technical information on any particular subject that might be chosen, cinema and theatre listings and, if it is allowed, small advertising. Although both the BBC (using the brand name Ceefax) and the IBA (Oracle) are running pilot services and the Post Office has developed its own system, everything must wait for the official go-ahead for full-scale operations.

It is this period of acceleration which contains the problems, particularly for rival media. Much of the criticism of teletext has been to the effect that it does not have the facility for long, in depth, articles. It is

therefore argued that it cannot compete with newspapers, in order to have an impact it would need to compete with newspapers or conventional television, in this field. If it became a major source of basic information, such as the weather and the television schedules, and more so if it could carry small advertisements for jobs, accommodation, sales and wants, it might cream off more sales than advertising than some publications could sustain.

It will be fascinating to see what Lord Amman makes of this. The technical aspects of his report are likely to be the ones which will attract the least immediate public comment. I think the long term they are likely to be the most important. As far as the technology are concerned the only questions now remaining concern a whole new world of science fiction inventions is a political will—and the more powerful medium the possesses for the transmission of knowledge. How it is played is of a high degree of importance. At the moment British Government appears to be hoping that change will be away for a while and that Amman will help to throw some light on a confusing subject. Perhaps he will, but the Government will still have to make its decisions.

Primary Contact Limited  
Telephone: 01-580 9724.

Incorporated Practitioners in  
Advertising for

cars and motorcycles

**"Thanks Marketforce.  
You did a great job."**

In promoting our  
new Stewed Steak  
range in retail outlets  
through your National  
in-store couponing  
service.

JOHN SMITHSON,  
PROMOTIONS MANAGER,  
BATCHLORS FOODS

Donnelley Marketforce (Distribution & Promotions) Ltd.,  
97 Dalston Lane, London E8 1NH. Tel: 01-254 8966

**Marketforce**  
PERFORMANCE AGENTS

مكتبات الجاهل



## ADVERTISING AND MARKETING X

## Promotion specialists

From the Chairman's office

INTERNAL MEMORANDUM

To: A26 Date: 10/9

Before you plan an Incentive Campaign, discuss MOTIVATION with MACDONALD. Ring their M.D. on 01-499 8192

GS PRODUCTS LTD. MARKETING SERVICES DEPT.

Report Ref: 10/9

Of the sort of discussion that has been taking place in the Marketing Services Department, it is clear that the company's approach to the promotion of its products is being re-examined. The current range of products is being reviewed, and the company's approach to the promotion of its products is being re-examined. The current range of products is being reviewed, and the company's approach to the promotion of its products is being re-examined.

## NEW RANGE LAUNCH

Production costs, plus amortisation of development costs, preclude any major "leverage discounts". It is, nevertheless, imperative that:

- All wholesalers be stocked up 3 weeks prior to launch.
- All retailers be canvassed by 1 week prior to launch.

Speed decision is required within the next 4 weeks.

DAVIDSON

MARKETING SERVICES

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USERS OF sales promotions do not have to employ specialist sales promotion agencies, and indeed some, like Kellogg's Cornflakes and Playtex International, prefer to manage their own promotions. Jeremy Sandys-Wynch, Group Product Manager at Kellogg's, explains that his own specialists understand the company's problems better than an outsider could, though there are many occasions when he is approached by agencies with ideas. Very occasionally, one of them is a good one and Kellogg's accepts it.

According to Hugh Davidson, vice-president of Playtex International and himself a former sales promotion man, the reason his company looks after its own promotions is that its distribution is mainly through department stores and mail order catalogues. He claims that the sales promotion companies are unfamiliar with these, being mostly geared to groceries.

## Higher

Neither Mr. Sandys-Wynch nor Mr. Davidson would find many agency men who would agree with them, and most major users of promotions prefer to work with a consultancy, the main reason being the higher standard of work that comes from a specialist.

Peter Hood, a director of The Sales Promotion Triangle, gives the reasons for this higher standard. "We are dealing with promotion work most of the day. We see the effects of hundreds of promotions in dif-

ferent situations and we have discovered most of the problems at the same time. We can say with reasonable certainty what the effect of doing a thing a certain way will be." And he counters the arguments of Sandys-Wynch and Davidson by saying that although the consultant obviously does not know as much as the client about his business, he does make it his business to learn a lot about it. But more important, the consultancy knows a lot about other businesses and can bring market experience in depth to combine with the client's more extensive knowledge of his own business.

And, of course, the agency can conveniently handle a lot of the quite considerable administrative load involved in running a promotion. But perhaps the most important reason for using a consultancy is the fact that there are so few really good creative sales promotion experts, and the few there are naturally prefer to work in the freer and more stimulating environment of a consultancy rather than within a big company.

The fact that what the manufacturer buys from a consultancy is primarily ideas explains the very large number of small consultancies. Even the biggest ones, like Marden Kane, Kingsland Lloyd Petersen, MS Surveys, Cato Johnson GLH, CSL and Glendinning, employ no more than 50, and there are many who employ fewer than ten. The reason is that, as Sales Promotion Executives Association chairman Jack Heath points out, "It is the easiest thing in the world to set up a consultancy if you have a client and a few hundred pounds and some

ideas." The result is that it is as common in the sales promotion world for staff to splinter away from one shop and set up their own as it is in the advertising world.

Nor does the smallness of many of the units result in lower standards. Indeed, many manufacturers prefer to deal with the hungry, ambitious people in the emerging companies whose services are very often cheaper than those of their bigger counterparts. And although there are now a few more bigish consultancies than there were a few years ago, with mergers like that between Cato Johnson and GLH Marketing

## Some companies manage

their own sales promotion, others employ a specialist agency. Michael Rines, Editor of Marketing magazine, reviews the pros and cons.

which formed Cato Johnson GLH, the trend is unlikely to go far. Indeed, immediately after the Cato Johnson GLH formation, several former GLH people, including Peter Hood, left to form Triangle. And Mr. Hood says that although Triangle's business is growing, he is not interested in becoming a big company. "What I'm good at is solving clients' problems, and if we got big I should have to spend all my time managing," he explains. "And in any case, clients like dealing with principals in this business, and that it not possible when you get too big."

But if there are never going to be a lot of big consultancies, there are likely to be rather more of the medium size, 30 strong ones. Tim Arnold of CSL supports this view because he finds many of his clients are now looking for the degree of service they get from advertising agencies. And as manufacturers increasingly accept the importance of sales promotion, he believes they will be prepared to give more consideration to the long-term arrangements with consultancies who will be expected to provide some strategic input to the clients' marketing plans. There will be rather less emphasis on the short-term aspects of sales promotion and more on the long-term effects. This means, Mr. Arnold claims, that clients will look for the embodiment of common themes in their pro-

motions and it will therefore pay them to establish long-term relationships with their consultants, based on annual retainers rather than on ad hoc contracts.

Size has other advantages for the client company, according to Mike Leaves, Deputy Managing Director of Cato Johnson GLH, the most important being the assurance that the consultancy won't go bust half-way through a campaign. And he does not believe that small companies are cheaper because in many of them the owners take a lot of cash out.

How much of this belief in the increasing size of businesses is wishful thinking is hard to say, but the views of Chris Kerridge, Promotions Manager at Van den Bergh, which is one of the biggest users of promotions, do not support it. He does deal with the large sales promotion offshoots of the ad agencies, such as Lintas and McCann, but he does so because they are cheap, being subsidised (he believes) from the above-the-line accounts. However, he has not always been satisfied with their work and has gone out to independent consultancies, ranging from two-man shops up to the larger Marden Kane and Glendinning, to get better creativity. And as far as long-term relationships are concerned, he is again discouraging: "We get far more from ad hoc creative schemes paid for on an individual fee basis," he says.

## Competition

Even Roy Martin, who heads MS Surveys and Promotion Services, has to agree with Mr. Kerridge. "Clients get better promotion as a result of putting each campaign out to competition. They get more ideas to choose from and they get lower prices. Clients are not going to pay you to live in their pockets. They won't pay out money in the way they do to ad agencies and they don't like working on a retainer basis. And without a firm fee income it is difficult to sustain a large organisation with its large overheads."

Just as arguments about the advantages of size and of long term arrangements will go on indefinitely because different problems require different solutions, so there are continuing arguments for and against consultancies linked to advertising agencies. Those against point to the fact that the size of the budget to be spent on below-the-line could be adversely im-

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FT.2

## Premium houses

The premium houses have recently gained in respectability and are currently experiencing a mini-boom. Tony Dakin explains why this is so.

AT TIMES during the last few years it looked as if British premium houses would never become an established part of the British marketing scene. As soon as one company set up shop, another went out of business.

One of the major problems was the availability of really good products: the big-name, big-product companies simply refused to run the risk of letting their brands become linked with cut-price offers and premium incentives. Also, they had to compete with the emergence of the discount houses which, almost overnight, meant that people could get as good a deal from them as they could from self-liquidating offers—and with considerably less bother. Add to that little lot of problems the fact that many marketing managers saw the service provided by premium houses as nothing more than a "supply and delivery" service, then their struggle for survival was not hard to understand. At that stage all the pointers were that the premium-house phenomenon would be over in a decade or less.

But they learnt their lesson in time. As Norbert Stein of Optimisation points out: "Just when some premium houses were in danger of getting the whole industry a bad reputation for supplying shoddy goods and then not servicing them, the bigger ones countered by offering a really comprehensive service—everything from advice on the types of premium offer needed to first-class after-sales service."

To-day, as the recent premiums show at Wembley, showed, the business has at long last gained an air of respectability and is clearly thriving as a result.

According to the latest figures

issued by MS Surveys and Promotional Services—they compare the monthly average this year with last—self-liquidators are up 32 per cent., giveaways up 41 per cent., coupon offers 110 per cent. and free mail-ins 33 per cent. Admittedly, many of the premiums involved may not have gone through premium houses, but clearly a percentage did, which means only one thing—that many premium houses are going through a mini-boom period despite the overall trade picture.

Also, these figures do not, of course, take into account sales incentives where, according to many premium houses, the really significant growth has taken place. Companies like Procter and Gamble, Unilever and Cadbury-Schweppes use them in a big way and all the signs are that they are on the increase.

CONTINUED ON NEXT PAGE

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ADVERTISING AND MARKETING XI

# Trading stamps

AN industry which seemed to have an in-built protection of its other stores has resulted in a dramatic increase in trading stamps. The problem for all trading stamp companies, however, is that while stamps undoubtedly build shop loyalty, the fall in the trade which normally follows a switch out of stamps is not nearly as dramatic as the increase which results from going into stamps.

The trading stamp companies are, perhaps, not as much a little tired of stamps as they were in the past. As they point out, people have been forecasting their imminent demise ever since stamps were introduced to Britain. In fact, the combined opposition of such big names as Sainsbury and Asda Supermarkets in the early days to be one of the most effective means of promotion in both the petrol and food business.

And, with their rate of issue geared to sales values, at least on the grocery retailing side of the business, the trading stamp companies have had less to worry about from inflation than some of their customers, particularly as long as food prices were going up faster than the cost of the goods they offered in their catalogues. The pity of it is that from their point of view, the rate of issue on petrol was geared to gallons and not to value, but that is something Green Shield would like to see change in the long run.

The petrol shortage certainly did create unprecedented problems for the stamp operators. For Green Shield, the sudden drop in garage customers, coupled with the other problems of the three day week, meant the first loss in 11 years and a reversal of its sales growth record. With about 30 per cent of its business coming from petrol stations, Green Shield's turnover fell by 10 per cent and the days of multi-fold stamps in garages seemed over.

In the event, 1975 was not as bad as expected. In 15 months the retail market switched from being a sellers' market to a buyers' market. The same motorists who in 1974 had been queuing at garages to get what petrol they could, without a thought to whether they were being offered stamps or not, were in 1975 shopping around over-committing themselves. At this year's Co-op Congress, the chairman of the co-operative retail societies warned delegates that societies could be failing to make adequate provision for the redemption of stamps when deciding on the rate of issue for the year ahead.

The growth of Co-op stamps has meant that Pink stamps have been pushed back to third place in the British market. The American company, Sperry and Hutchinson had never succeeded in challenging Green Shield's dominance of the market and last year finally pulled out. Gateways, which bought the Pink Stamp business, says it is confident that there is room for a third stamp company. In the management's opinion stamps more than pay for themselves when used properly by a retailer. Their own experience, they say, has proved it.

Tesco, which accounts for 28 per cent of Green Shield's business, also says that stamps more than pay their way because of the increased business they generate. For this reason, it says, it is wrong to conclude that trading stamps are not compatible with discounting except in certain areas where stamps are not popular. They too, like the trading stamp companies themselves, point out that trading stamps can be much more attractive to housewives than the relatively small price cuts which would result from dropping them and spreading the savings right across the board.

As trading stamps were first developed in the U.S., it is inevitable that parallels will be drawn between what happened to stamps there and what is likely to happen here. On the face of it, the American example would seem to offer the British stamp operators little comfort. "Remember trading stamps?" began a recent example in the U.S. "The U.S. stamp company which was once the most successful in the world is now a shadow of its former self. The reason is simple enough. With so much competition from the High Street, manufacturers have to find something really different to offer their customers. As a result nearly all the major premium houses now have sales forces scouring the world—particularly in the Far East—looking for new products.

The latest craze which is helping to give premium houses such a boost to their business, is electronic goods. If current evidence is anything to go by, then the products have just as much appeal to housewives as they do to salesmen in the field; products like quartz digital watches, calculators, binoculars and audio equipment. The four leaders in the field are probably Trafalgar Promotions, Optimisation, Plus and United Grange. All are optimistic about 1977, especially in view of the impending launch of the digital car clock which, according to Optimisation's Norbert Seela, has been an incredible success as a premium offer in the U.S.

Of course, the other big premium motivator is package holidays, and with the pound sinking still further they will clearly become more popular as an incentive. Companies such as Incentive Awards now do whole packages for companies and arrange everything from the incentive scheme to organising the holidays. In cases where the incentive is a sales conference, in say, the Bahamas for a company's top salesmen, then they will even help with the setting up of the conference and the itinerary. All the company has to do is to sit back and enjoy it.

**The trading stamp sector has had its problems recently but seems likely to recover, as Elinor Goodman points out.**

Big Bonus Stamp Company of Houston has lost all but 200 of the 1,200 garages it used to provide with stamps.

Mr. Richard Goodman, joint managing director of Green Shield, argues, however, that it is wrong to assume that the American pattern will be followed in this country. Stamps, he points out, have never had the penetration in this country they had in the U.S. nor has the market been fragmented by as many trading stamp companies. In the U.S. there are about 60 trading stamp companies operating and stamps were given in over 75 per cent of all supermarket outlets. In Britain there have only ever been three effective trading stamp companies and stamps are offered in only 18 per cent of food shops.

Difficult

It was because the American market reached near-saturation point, he claims, that it was difficult for them to generate the required sales volume. Instead they moved into other promotional devices, and as a result only 25 per cent of all food outlets in America now offer stamps. The British market, he maintains, is nowhere near saturation level for stamps and as a result stamps have maintained their promotional value. Moreover, he hopes that the loss of profit which some American retailers suffered after going out of stamps and into heavy price-cutting may dissuade British retailers from copying them.

In this situation Cavenham's decision to take stamps out of its British Moore's shop after it had taken them out of the Grand Union chain in the U.S. is all the more interesting. Green Shield, however, claims to be reasonably confident about the future, and there is no shortage of companies which would like to emulate its success. Only this month a new stamp company appeared on the scene, offering collectors discounts on holidays. Meanwhile Green Shield is itself expanding into new areas. Last year it linked up with IPC to offer stamps with women's magazines, and this month it has announced it is linking with the London Evening News in a circulation drive in the arc stretching from the Thames to Watford.

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\*N.O.T. March 1976

## Premium houses

CONTINUED FROM PREVIOUS PAGE

Figures vary. Jet Harris, chairman of Harris, later national Marketing (HIM for short) is nowhere near so bullish as, for instance, Roy Martin of MS Surveys. He reckons that the size of the market is wildly exaggerated and says it is worth no more than £11m. and that this is down on the same time last year £1m. on free give-aways, £2m. on self-liquidators, and £7m. of free mail-ins. Harris, and entirely new electronic goods. If current evidence is anything to go by, then the products have just as much appeal to housewives as they do to salesmen in the field; products like quartz digital watches, calculators, binoculars and audio equipment.

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### Offshoot

Some premium houses are going into industrial gifts, an obvious offshoot of the premiums' business. Until recently this was an area where Britain conspicuously lagged behind its American counterparts. Companies from San Francisco to Washington give away literally millions of gifts, ranging from key bobs and bottle openers to beer mats and "canned" radios. One of the reasons being that it helps to keep a company's name in front of its customers and its suppliers for up to 12 months in the year.

To-day British companies are following suit and U.K. premium houses are doing their utmost to make sure that they have a really wide range of products to choose from. Estimates have it that the market is worth about £10m. and is increasing fast.

A large slice of it is supplied by the London-based Prestige Advertising. Such items as personalised buttons—20,000 recently supplied to Jodrell Bank—pens, key rings, rubber eggs, desk sets, digital clocks, personalised brushes, paper knives, lighters, wallets, tankards: you name it and the chances are that Prestige supplies it.

According to Maurice Becker, the company's marketing director, business rose 20 per cent last year despite the recession, and it looks like doing even better this year with a sizeable increase coming from insurance companies and banks. It is a further indicator that the potential for new business for premium houses is going to come from outside the packaged-goods business.

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3. On average, 50,000 gifts are handed to Green Shield savers every day.
4. Almost 4,000 people work for Green Shield, the all-British, largest trading stamp company in Europe.
5. Over 25,000 supermarkets, shops and garages give Green Shield stamps.
6. In 1975 our turnover exceeded £65 million.

A large slice of it is supplied by the London-based Prestige Advertising. Such items as personalised buttons—20,000 recently supplied to Jodrell Bank—pens, key rings, rubber eggs, desk sets, digital clocks, personalised brushes, paper knives, lighters, wallets, tankards: you name it and the chances are that Prestige supplies it.

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Maurice Corina, The Times, Monday September 30, 1968.

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4. Every item of Green Shield merchandise is backed by an unconditional Golden Guarantee of satisfaction.
5. The merchandise illustrated in our catalogue includes many famous household names.
6. 12 million Green Shield catalogues will be printed and given away free in 1976.

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## ADVERTISING AND MARKETING XII

# Promotion research

On this page Julia Piper, Associate Editor of Marketing magazine, discusses the problem of research into sales promotion techniques, while, below, Elinor Goodman writes about advertising in the retail field.

SALES PROMOTION is the most under-researched sector of marketing. What little research there is tends to be contradictory and leaves marketers floundering around in the confusion. The numbers of promotions run, consumer attitudes to the techniques, and the effectiveness of individual campaigns are all difficult to measure, and so statistical information has been traditionally sadly neglected. Continuous monitoring of promotional activity and consumers' responses to the techniques is sparse and frequently ambiguous. Manufacturers commonly fail to undertake their own research before they launch a promotion and then fail to assess the results afterwards. Thus campaigns are run and completed without sufficient information, and their success or otherwise is inadequately measured. The sales promotion industry operates largely in the dark.

It is on the question of consumer attitudes to promotions that most of the confusion arises. There are two main sources of data. The first is Harris International Shopping and Promotional Intelligence (HISPI) which is a regular survey of 3,000 shoppers per annum. It reports on trends in shopping behaviour, including responses and attitudes to promotions. Second, the Taylor Nelson and Associates Monitor of social trends includes a report on consumer attitudes to sales promotions. The two surveys show very different results for various techniques. For example, the HISPI survey reveals a growing consumer liking for money-off coupon offers. In 1975, 48 per cent. of respondents said they liked coupons. However, the Taylor Nelson figures for the same year show that 71 per cent. of its respondents felt that coupons should be discouraged or actually banned. This discrepancy may be partly due to the different samples in each case, the context in which respondents were questioned and the nature of the questions asked. But, the fact remains that marketers are left confused about just what housewives do think of coupons. Whatever the truth is, the popularity of coupon offers with manufacturers seems undiminished. It is estimated that over 3,000m. coupons with a value of £150m. are in distribution this year, and the MS survey's analysis of promotional activity reports an increase of 110 per cent. in the numbers of coupon offers this year.

### Dominant

The dominant theme for promotions is price related value for money. Housewives are primarily concerned with cutting the cost of shopping. So manufacturers promote their products most frequently with money-off offers of one sort or another. However, coupon offers hold several advantages over other price-cutting promotions. Each coupon is a conspicuous money offer to housewives and yet need not make a huge hole in manufacturers' budgets. This is because less than 4 per cent. of coupons are actually redeemed. This means that the value of each coupon can be quite high without costing the manufacturer a fortune and housewives have their attention drawn to the product, even though most of them do not get around to using what is often a very generous offer. For example, it is possible for a manufacturer to offer 5p, or even 10p off a brand of coffee, confident that it will not cost him 5p or 10p per jar. When money-off offers are made on the pack, however, the manufacturer is subject to the cut, so the price reduction must therefore be considerably smaller.

Pages of coupons that offer savings on a wide variety of grocery items are becoming a regular feature of many national and regional newspapers. They have the inherent advantage that the consumer response is immediate. This is ideal when manufacturers are aiming for fast results from a short-term promotional thrust.

However, cross couponing, which is popular with some manufacturers, is now being stopped by an increasing number of retailers. The technique involves printing a coupon on one product pack offering money off another product. The housewife must buy product A in order to get her coupon to purchase product B at a lower price. For manufacturers this offers a cheap way of distributing coupons, but the disadvantage is that if product B is not available in the store of purchase, the housewife is unable to redeem her coupon. So, the London Co-operative Society has banned cross couponing by refusing to stock packs that feature cross coupon offers, and many other retailers are following suit.

Despite the strong trend towards price cutting promotions in the present economic climate, some manufacturers are beginning to see straight price cutting as no longer unchallengeable. It does not distinguish one brand from another. And, according to HISPI research, consumer demand for price reductions is actually declining. Housewives are already bemused and irritated by rising prices and are further confused by price cuts. They are not sure how genuine the cut is, and frequently ask "money off what?" They are especially confused at the checkout because they are not sure whether the price marked on the pack includes the price cut. Nevertheless, there seems to be no sign of a reduction in the numbers of reduced price offers.

Self-liquidating premiums promotions offer hard cash in will never disappear from the promotional scene altogether. One example is the recent "save

our seals" Nescafe coffee promotion, which encouraged shoppers to save the inner housewives as reductions from Nescafe jars and exchange them for grocery vouchers worth hard cash to albeit small, for housewives. For one seal the consumer received a voucher worth 7p, which could be exchanged for any grocery item in any retail outlet. Two seals earned one 7p voucher plus a voucher worth 8p. So, with a great deal to advertise every extra seal the consumer received a voucher worth a penny more.

This example demonstrates how manufacturers are beginning to seek alternative ways of giving consumers value for money. However, premium offers will never disappear altogether, though the number seen in store will probably diminish as fresh promotional alternatives are discovered and used.

Against the background of preoccupation with price, consumer competitions have suffered from being out of contention with the promotional mood. Once in a lifetime holidays for do so.

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## Retail advertising

WITH THE current emphasis on prices in any negotiations between manufacturers and their customers, the suppliers must sometimes wonder if retailers believe in brand advertising or whether they are only interested in filling their shelves with the requisite range of goods at the lowest possible price, regardless of whether the products are being advertised or not.

But, if proof were needed to show the retailers' continued belief in advertising, it is in their own actions. In the last five years the multiple supermarket groups have recognised the need to build up consumer loyalty through the media and outstripped most other sectors in their increased use of it.

Since 1970, advertising expenditure by the Co-op and the grocery chains has almost tripled, while in the same period total display advertising has risen by only 74 per cent. This has meant retailers are now taking an increasing share of the total advertising cake. Their share of television advertising, for example, has risen from 2.3 per cent. in 1971 to 8.9 per cent. in the first six months of this year.

Though much of this advertising has featured special price offers and rammed home the prices message, the retailers have also put new emphasis on creating a brand image with the customers in recognition of the fact that, with virtually every big group cutting some prices all the time, it is vital to build-up customer loyalty if customers are to be dissuaded from merely picking off the special offers and moving on to the next shop, coupons in hand.

The voluntary groups have probably been the best example

of this, along with the Co-op, which attributes the reversal of the downward trend in its fortunes partly to greater use of the media. VG and Spar, with perhaps less to boast about on a straight price comparison basis than some of their supermarket competitors, have used advertising very successfully to convey the idea that neighbourhood shops, by virtue of their proximity to the home, can offer customers savings which the high street supermarkets cannot. VG, for example, has increased its national advertising expenditure from £362,000 in 1973 to £552,000 last year and is planning to raise it to over £800,000 next year.

Not that, as the manufacturers know only too well, all the money comes from the retailers themselves. Though in 1974 the shortage of some commodities and the low stock position on others meant that retailers had difficulty in filling their promotional spots, the current market position means that manufacturers are once again competing for space in the retailers' promotional programmes. The proportion of advertising costs which the manufacturer pays to get into a promotion may not have increased in itself, but the retailers can now afford to be choosy about which of their suppliers they allow into their promotions.

Moreover, the big buyers are increasingly demanding exclusivity in manufacturers' promotions. They no longer want to give special treatment to reduced prices which are also available in their competitors' shops. As Mr. Michael Reynolds, managing director of Spar, said recently in an interview with Campaign, "there are very few manufacturers that are so powerful that they have the ability to mount a promotion which is going to be of interest to all retailers at the same time." Those, like Heinz, which could still do so were in the minority. The makers of

CONTINUED ON NEXT PAGE

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But while there is obvious room for further growth in certain areas, like industrial goods, it is likely that consumer promotion has now reached a peak among consumer goods. Some experts believe its volume will decline, as it has done in the past, if and when the

Outside the client area, the industry is highly fragmented,

set up their own promotion houses. Nevertheless, there has

are of little benefit to them  
because it makes little differ

consumerists, may step in and stifle the further growth of the

# Liverpool Echo

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The evidence suggests the same is likely to be true for 1978. With overall volume showing little sign of increasing, the manufacturers are once again looking for quick marketing results. Promotions through stores have increased by more than 30 per cent in the first months of this year. Reduced price offers were up by more than half during the period and self-liquidators by more than a fifth.

The losers were once again the multi-packs, and the emphasis was firmly on price. Though some people believe that the market for promotions is polarising — with money-off promotions at one end of the scale and "escapist" promotions, tailored to specific groups of people, such as sports enthusiasts at the other end —

retailers is to squeeze the manufacturers' promotional budgets for all they can get and thus get a competitive edge by offering lower prices than other shops. The longer term solution may mean a much more fundamental change in the pattern of grocery trading, involving a shift out of the High Street and into out-of-town stores with lower occupancy costs. Given the way the big supermarket groups are presently entrenched in the High Street, it is hardly surprising that they take such a dim view of what they regard as frivolous activity by the manufacturers. Not that the food manufacturers, with their profit margins under great pressure, are exactly light-hearted about the situation either. But not all of them are in a strong enough position to

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Name of Media	Circulation	Main Readership
<i>The Nihon Keizai Shimbun</i> ( <i>Nikkei Economic Daily</i> )	1,737,327	Top management
<i>The Nikkei Sangyo Shimbun</i> ( <i>Nikkei Industrial Daily</i> )	161,069	Executive level
<i>The Nikkei Ryutsu Shimbun</i> ( <i>Nikkei Marketing Journal</i> , s/w)	237,398	Top retailer
<i>Nikkei Business</i> (b/w)	119,917	Executive level
<i>Nikkei Electronics</i> (b/w)	30,018	Professionals/Technicians
<i>Nikkei Medical</i> (m)	62,500	Physicians
<i>Nikkei Architecture</i> (b/w)	25,000	Architectural engineers
<i>Shopping</i> (m)	434,000	Housewives
<i>Science</i> (m)	34,816	Professionals/Technicians

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## ADVERTISING AND MARKETING XIV

# Public relations and its image



The public image of a PR man—a cartoon by Hewison of Punch commissioned by Taylor PR as part of a campaign to rectify that impression.

FOR YEARS the more ambitious men and women in the public relations consultancies have been promoting the idea that PR executives need to change their image. They should move away from their concentration on trying to get the products of clients mentioned in the appropriate journals and, instead, become the communications consultants for the chief executive of a company. It seems that events are moving the way of these bold thinkers.

For companies are now well aware of the crucial importance of the Government and Whitehall in their affairs. Almost overnight new proposals, at local or national level, can cause unanticipated problems. In the same way the Press seems more capable of destroying companies—an expose of their operations in South Africa, or of share dealings among directors, or of bribes to foreign Governments can cause sudden and costly complications. If a public relations consultant can help guide a company through increasingly stormy waters then he more than deserves his modest fee.

### Recognised

This is the growth area of public relations, and the larger consultancies have recognised the fact. The problem is that they are not entirely equipped to do a worthwhile job—they claim to know about communications, but they may well be lost in the world of Parliament, of trade unions and of industrial relations generally. In fact the opening up of a new, and much more worthwhile, opportunity for public relations is held back by the bane of the profession—the lack of really good personnel.

The best PR companies appreciate the problem, but as small operations, with limited financial resources, they are ill-equipped either to train up bright young graduates or to tempt away experts from other industries. Undoubtedly clients are using their PR companies more for arranging meetings with MPs: finding out what the shop floor thinks about proposed changes; advising on trade union reaction to policies; and building pension fund managers; but the contribution of public relations will be limited until its reputation, and the standards of executives, rises higher than it is at the moment.

Nevertheless the past year has been encouraging not only for the practical reason that there has been a rise in inquiries and the turnover of most PR firms, but also because the industry is finally rationalising into large and financially stable units. The merger between the PR side of Charles Barker and F. J. Lyons has produced a company with a fee income of £800,000, almost twice as large as the next companies in the field, which are probably Burson Marsteller and Good Relations Group.

The integrated Barker-Lyons, with a staff of 65, can realistically offer clients advice across the whole field of PR, with a strong Parliamentary side, headed by the ex-BBC expert Conrad Vos Bark: a financial expertise built around Barker's century-old City associations; as well as the product, corporate and sponsorship PR which Lyons specialised in. In the same way the U.S.-owned Burson Marsteller, which is part of the second largest PR company in the world (after Hill and Knowlton), can afford to recruit expertise from outside because it works for clients prepared to pay over £100,000 a year for widespread coverage.

For not only does acceptance into the corporate communications world improve the status and job satisfaction of any PR company that can make the leap; it also enables them to charge higher fees. In the last two years, in particular, clients have been reluctant to pay more for product PR, mainly because product PR comes under the responsibility of the marketing director, who operates within

In the controversial area of public relations there are stirrings of change. Antony Thornicroft examines the new thinking in the consultancies.

short-term sales targets—and is suspicious of the long-term images building contribution of PR. If the PR man (or woman) can become responsible to the chief executive the chance of charging fees in line with rising costs, is much easier.

However, product PR is still well over half the business, especially for the many small and medium-sized companies, whose main raison d'être is to get Press coverage. But even here clients are expecting a wider service, and using their PR companies (if they have any confidence in them) to organise conferences for their sales forces; conduct some image research into brands; and, quite frequently, expecting PR to communicate with new groups of people, such as teachers, employees, distributors, etc. Specialised marketing is replacing the unstructured traditional approach of using PR to engender general goodwill.

Some PR companies are changing their form to meet the changes in the market place. The Osborne advertising group has merged its PR, research and promotions operations into one unit, Osborne Marketing Communication. The justification is that this is the era for the specialist inside a larger operation, which offers cost spreading advantages and service in depth.

And yet not all the larger PR companies have prospered. Some of those attached to advertising agencies, like PPR

ments, nationalised industries and local authorities. Apart from offering more security than the average PR position they are also very well paid. So corporate sector PR has moved from the lowliest place on the PR ladder to the top, almost in a matter of months. The consultancies just cannot compete in salaries, and the good younger recruits are taking the soft option of a job in the public sector.

Relatively few PR companies go out of business. Individuals start their own operations based on one account; lose it; and then drift into an internal department, or back to a consultancy, but in the main the same companies are around to compete for the slowly increasing number of clients, who feel both in the product and corporate areas that they might be helped by PR. Fees are still quite low—£10,000 a year being a good account, and the average nearer half that—although attendant expenses can more than double the fee. Little research is done to measure the impact of PR, and this remains a very personal business, based on the relationship between client and adviser.

Certain parts of the business, such as the once flourishing financial PR, have been hit by the malaise in the City and the publicity surrounding firms such as John Addey, but there are always new doors opening. PPR, for example, now has 20 clients who pay £1,000 a year to be kept informed of proceedings in Parliament and at Brussels which could affect their businesses.

This is the kind of practical help which can make PR worthwhile. At organising a conference; supervising research; communicating with schools; running a house journal; advising on key figures; among investment managers of the media, PR has an obvious and relevant contribution. But it must still be doubted whether many PR consultants have the experience or even the skills to join the Boards of large companies as communications directors.

(Young and Rubicam), with billings in excess of £350,000, and Lexington (J. Walter Thompson), billing £300,000, have not grown much in recent years (although PPR has added £90,000 in the last two weeks), and have only been able to make profits by drastically cutting down on staff—both employ 25 per cent. fewer people. Perhaps one of the problems is that they are still seen to be offering an extra service to their agencies' advertising clients, who are reluctant to pay the market price for the help.

### Depressing

Although things seem to be picking up in the last few months the 1975 figures on PR profitability, prepared by the Public Relations Consultants Association which represents over 80 companies with a combined fee income of over £8m., make depressing reading. A sample of 44 members produced an average net profit before tax of only 3.1 per cent., less than half the 1974 return. Of course many PR companies are run to give their owners a good living, but even so the lack of capital generated explains the inability of the business to train up more skilled personnel, and also to maintain a stable staffing policy, irrespective of the loss of accounts.

Apart from the PRCA companies the many hundred other operators produce total fees of over £3m., making PR a £10m. industry. Then, of course, there are the internal PR departments of companies, which are probably on the decrease as companies are reluctant to employ staff, who cannot easily be got rid of, internally when outsiders can be called in for particular assignments.

But if private industry employs fewer PRs one of the great changes in recent years has been the proliferation of jobs in Government depart-

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## ADVERTISING AND MARKETING XVI

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## The independents

ANY WEEK now a big British advertiser will announce that, instead of placing its advertising through its agency in the traditional way, it is taking an off-the-peg service, going to a creative specialist for its advertising concept and to an independent media company to plan and place the advertising schedule. That, at least, has been the prediction for over a year now and there is every indication that one week it will come true.

For advertisers, even the very largest ones, are now prepared to consider alternatives to the full service advertising agencies. This is partly because they are disenchanted with the work they are getting from agencies, contrasting the attention from the managing director and the best creative teams when they are awarding their advertising business with the follow-through they get from the hands of less experienced account men.

### Rising

But it is also because advertisers feel they both know more about advertising themselves these days, and because they feel, at a time when advertising costs are rising sharply, they can get a cheaper service by buying specialist help, if, and when, needed. And, finally, there is now a wider choice of independent advertising companies competing for the growing business. It has been estimated that the dozen independent media companies will handle up to £30m. of billing this year.

By-passing the agencies is not new, especially among retailers. Companies like C & A have always preferred to control their

own advertising. What is new is the willingness of big brand advertisers, like Bass Charrington and ICI, to place some (and at the moment it is only a few off-the-peg service, going to a creative specialist for its advertising concept and to an independent media company to plan and place the advertising schedule. That, at least, has been the prediction for over a year now and there is every indication that one week it will come true.

The fact is that the advertising process is not the simple advertiser-agency-media trinity that it so often seems. Some remarkable research just published by Bill Evans, an agency man and now professor of marketing at a Canadian university, shows how diffuse the real situation is. Evans interviewed a representative section of 56 British companies in 1969 and the same sample five years later. In 1969 48 were using an advertising agency; in 1974 only 33 were an astonishing turnaround.

Further of the 33 still with an agency less than half thought they were getting a good deal while 40 per cent. were dissatisfied. Now this sample was nicely representative of British industry but did not include many of the major TV slanted packaged goods advertisers who dominate the advertising agency world. But what is happening among companies en masse is likely to work its way up to take in the giants. At least the trend is not the other way. These days any company deciding to take advertising seriously will consider an agency—and the alternatives.

This is most obviously seen

on the creative side where companies either develop their own ideas or use an outside creative consultant. Now the work of such consultants largely goes

**On this page Antony Thorncroft looks at the work of the independent specialists, and (below) discusses the market research sector, currently seeing a revival of business.**

unremarked, and their names are not so well known as the independent media companies, who are actively promoting their achievements. This is because the creative consultants (like the media boys) do a lot of work for advertising agencies, and do not want to seem too much in opposition to the existing set-up.

A survey by Squad, one of the creative consultancies, suggested that a half of advertising agencies put out work to creative consultancies, asking them for ideas when clients have rejected their own proposals or seeking advice on a new account pitch. Over 10 per cent. of agencies use "moonlighters"—that is creative people who actually work for other agencies. Stories are told of big accounts moving on the basis of a creative idea contributed by a creative man in the agency which has just lost the business.

But if a great deal of creative work is done by consultancies for agencies in secret some creative consultancies are not so shy. For example, David Bernstein, formerly a creative director at large agencies, set up the Creative Business very much as a fee based marketing consultancy able to advise a wide range of clients on any problem from a pack design to a marketing approach for a new product. He has grown famous working for clients like Beecham, Unilever, the Co-op and Rockitt and Colman, plus many more, and represents the philosophical alternative to an advertising agency—a group of creative and marketing men offering consultancy help at a deter-

mined fee, as, and when, the client needs it.

The Creative Business has shown the need, although Bernstein himself will admit that from a personal financial point of view, working in this way rather than by getting paid by commission, means more work for less reward. That is why his entrepreneurial colleagues in the advertising world still prefer to go it alone inside the agency framework. Other creative consultancies include Lees-Spinks-Gillman, Day/Devito French, John Simmons Associates, and Cato Johnson.

On the media side things are much more open and overtly aggressive. Companies like Media Buying Services are already handling over £6m. worth of billings a year and working for clients like K-Tel, the big TV promotions company, Alberto-Culver, Faberge, and Sekonda Watches. The Media Business is run by Paul Green, and sums up the gains, and also some of the problems, of the media independents.

Paul Green has got agency recognition from the IPA, and by concentrating on the television side can buy time as effectively as any agency, and perhaps more so. His business has grown steadily, but to cope with repeated staff changes as bright media men break away to set up their own organisations. For the independent media shops tend to be small, personal, companies working for a few clients—and for advertising agencies.

Some independents, like Tony Rowe Media, spend most of their time working for the smaller advertising agencies who find it cheaper, and more effective, to buy out media talent, especially on the planning side and for tricky clients, rather than employ their own media departments. Even large agencies sometimes use the admitted media expertise of the independents, although they like to keep the fact quiet. While they wait for a major client to confer on them the respectability that their recent growth deserves the independent media buying companies, who include such names as Chris Ingrams (formerly head of the Media Department), Collyer Dashi, the Media Business, and Media Campaign Services, are kept busy working

for clients like EMI, Oliver Vaux Breweries, and Lasky. The success of the media buying and planning operations has awakened a response among the agencies. Kimpher, the publicly quoted agency group, created a separate, profit making, media company, The Media Department, working for its own clients, some time ago, and other agencies, such as Grey and NSW, are offering the media buying skills to their agency clients. Two larger agencies still, McCann-Erickson and CDP, have experimented with subsidiaries which look overseas advertising for agency clients.

### Specific

So the advertising agency world is coming to terms with the fact that some advertisers want specific services rather than blanket coverage. This is understandable given the growing marketing sophistication of advertisers, and the shortage of good new recruits to advertising agencies in the last five years.

If the future is going to be more separatist, more to be done at the forefront. And the traditional structure could well be shattered if the Office of Fair Trading, and the Restrictive Practices Court, rule that the commission system, still the basis of remuneration in the advertising industry, is a restrictive practice which prevents competitive prices.

This matter may not be decided before 1978, and the Court may accept the need for IPA recognition to maintain standards while letting the commission system go by the board. For so practice a web of discount and deals occurs to-day which ensures that advertisers not working through recognised agencies can get some of the commission for themselves from the media, and the independent media companies, in theory refused commission because generally IPA recognised, seem quite prosperous. Already fee account for over a third of the revenue of IPA agencies. It would well be that the independent creative consultancies and media buying companies represent the future, or part of the future, of British advertising.

## 'It can't be bought if it isn't there'

A truism maybe. Put about by our founder J. Bede Egerton in the 30's.

It was a philosophy he preached originally and well...it made many young companies of the time change their ideas. They became his clients.

Put the straight forward common-sense of his ideas to work.

Over the years they grew to become household names with leading brands.

Today we still help companies improve their distribution and display.

The problem's more complex, but we've better techniques to help us.

Product availability is much more important than ever before.

In the old days when a shopper was told 'Sorry Madam, we're out of stock' she'd wait and buy later.

Today's impatient shopper doesn't hesitate...she reaches for the nearest similar product...the competitive brand.

More than a sale is lost.

The carefully planned and costly advertising that stimulated, but couldn't satisfy because the product wasn't there...just wasted.

We stand by J. Bede Egerton

and his truism on availability.

We make sure the product's there.

Our versatile and highly competent auxiliary salesforce teams still sell.

Sell hard...sell nationally.

Our merchandisers get it up front...in force. Create buyer interest...

generate shopper excitement.

We haven't stood still. Now CPM go a few stages further for our clients.

We create effective promotional strategies from start to finish. Concept, copy, design, artwork, production, through printing to packing, distribution and siting.

Premiums and special items needed...CPM will provide and despatch them.

Our complete service and flexible approach appeals to the well-established clients we've served so long...and the dynamic young starters too.

Perhaps because it works so well.

If we sound like a useful product we are available on-shelf at 17 Thame Park Road, Thame, Oxon, OX9 3PJ.

Reach instantly, ask for Richard Morris-Adams on Thame 3223.

**CPM**

COUNTER PRODUCTS MARKETING LTD  
SALES PROMOTION SERVICES

## Market research

MARKET RESEARCH is slowly, but steadily, hauling itself out of its recession. As a service industry its fortunes are inexorably tied to the national economy, and the confidence of its clients. When companies are in an optimistic and expansion minded mood they commission research; when times are tough (and research might be even more useful in offering guidance) they batten down the hatches.

This year there has been a welcome revival of business after two bad years. Even so the recession hit market research late, and was not so severe as many people had feared. No major companies collapsed: there were only two minor mergers (Burke, a large American research company, close to Procter and Gamble, acquired Intersearch, and Schlackman merged Business Decisions with PPR); and by employing fewer people (by far the major cost area) the research companies have survived.

### Uniform

There is a fairly uniform rise in turnover of around 15 per cent. which means some real growth at last. The new assignments come from companies evaluating new products and new advertising approaches; from retailers, who are getting more research conscious; and from the market research firms success in developing surveys in areas like drink, confectionery, meat, and children's markets, where research has been limited in the past. All in all research may cost British companies around £50m. this year, but, while being knowledgeable about other industries, research expenditure itself is hard to quantify, in particular the amount spent internally inside companies (it is probably over £10m. of the total).

There is a definite trend towards agencies developing their own internal expertise in this area, as in advertising. Research is increasingly being bought ad hoc—employing a specialist research company to draw up the proposals and develop the findings, but buying out, on the market, the fieldwork, which is usually over 40 per cent. of the cost of a survey, and the data processing of the results.

In acknowledgment of this trend two independent research companies, Public Attitude Sur-

veys and England Gross, have recently merged their field forces into a 500-strong team to be known as Research and RSGB, which specialises in the ad hoc field, also report "micro" inquiries and assignments.

AGB's great American owned rival, A. C. Nielsen, expects to slightly improve on its 1974-75 growth rate of 17.2 per cent. to a £4m. plus turnover. It has added 14 new clients to its retail auditing, the cornerstone of its business, but also reports substantial improvements in test marketing and consumer testing, as well as its couponing house which handles millions of "noisy" off promotional vouchers.

AGB and Nielsen are both well over twice as large as the next research companies. Research Bureau, the Unilever subsidiary, and NOP, linked to audience which is worth over £700,000 a year, making it probably the biggest research company in the world. AGB's other clients find essential for plan companies, Industrial Market

ing their marketing strategies.

CONTINUED ON NEXT PAGE

### FORECAST

FOR MANUFACTURERS OF GROCERY, TOILETRY, AND OTHER MASS-MARKET PRODUCTS SOLD THROUGH GROCERY OUTLETS: accurate predictions of new-product performance prior to test-marketing, also diagnostic panel to investigate reasons for good and bad performance.

THE MINI-TEST MARKET

FOR COMPANIES OFFERING GOODS AND SERVICES TO MOTORISTS, INCLUDING ACCESSORIES, INSURANCE, PETROL, OIL, SERVICING, AND SO ON: total purchasing records kept by panel of 4000, representative of the motorist universe by age, social class, and region.

THE MOTORISTS DIARY PANEL

FOR SUPPLIERS TO THE RETAIL TRADE: bi-monthly distribution check in 3500 grocers, chemists, and cash-and-carries, with complete range of standard analyses of distribution, out-of-stock, facings, prices. Studies of behaviour and attitudes within the retail and distributive trades.

STORECHECK RETAIL STUDIES

Forecast (Market Research) Limited, Brewhouse Lane, London E1 9PA. 01-480 5275.

Primary Contact Limited  
Telephone: 01-580 9724.

Incorporated Practitioners in Advertising for  
**REDIFON**  
COMPUTERS LIMITED



مكتبة الأمل





# Cinema

The creation of brand those in which the audience is already interested. In the past ten years audiences have steadily declined. Only one of the big picture points, 123m, passed the ticket office in the last year. This was down from 143m in 1975 and 1974. The cinema has been hit hard by the long, hot summer. But it was also influenced by the concentration of sites and the fact that a cinema for that matter, does not have a few more of the famous days the cinema habit.

It has also been during the last year, when the profile of the market is being and in the past ten years the number of local cinemas has declined as there has been a concentration on city and on centre sites and multiple unit cinemas have reaped. Films have become a riskier and cinema marketing has changed its approach.

Star quality is still important, a film like *Murder on the Orient Express* showed, but the audience today is far more discerning than it used to be. Though the wish to be entertained is still there, the modern viewer, whether aware of it or not, is critical of camera angles, dialogue, etc., and is very attentive.

This is in stark contrast with the average television viewer who does not pay full attention, is distracted by other things going on in the home and far more passively involved. Television adverts rely very much on the voice content, that they can even have an impact when being heard from a kitchen.

In the cinema, on the other hand, the advertisements have more value if it is linked to a popular and successful film. This is the case of the great expectation of feature films. It is estimated that a cinema Jew, it was possible to offer attention to advertisers. The operation is to be repeated next month when the products are largely Jews is relaunched simultaneously at 50 cinemas in north and south London.

This has been possible because of the unusually high number of prints of the film on release. The usual average is about 30 but there are nearly 140 copies of *Jaws*.

It is also possible to use specific areas which are organised on roughly the same boundary lines as the commercial television areas. And it is possible to choose a particular cinema, but this can come adrift in the case of multiple units when a film can be switched if the audience falls away.

Another package is likely to be put together when the new version of *King Kong*, widely expected to be another box office phenomenon, is released in this country.

But in the main, cinema advertising is likely to continue along its well established path. Car manufacturers, banks and home appliance manufacturers see the medium as ideal for building up familiarity with users and buyers of the future. These medium term corporate campaigns come into the same sort of investment advertising category as the cheap student bank accounts and newspapers. Catch them young and they will stay with you.

There are more immediate markets to be tapped. Of these the expansion of the white spirits market through rum and vodka advertising has been the most remarkable. But jeans and motor cycles figure just as prominently in the buying habits of the young audience. Equally, there is still a place for the local Indian restaurant using a piece of stock advertising film with a personalised voice-over and end titling.

Costs are infinitely variable from the making of the film to the number of times it is used. The advertiser can take any number of sites or units in any number of towns or areas. Usually an average audience is the criterion offered and the average campaign will run from eight to ten weeks.

The length of advertising time varies from cinema exhibitor to cinema exhibitor, but on average it is six or seven minutes and the advertising contractor will put together a reel of that length with his own titles and credits at beginning and end.

Most advertisements are of 60 seconds duration and production cost ranges from £3,500 to £10,000. It is easy to run up a bigger bill, especially when some exotic location work is involved.

As always there are the stars in directors, actors and voices. A producer in demand may charge £1,600 a day with a minimum of two days, but a more normal fee is £350 a day and a voice-over will run from £5 up to £500. Prints can normally be produced for under £10.

A company like Pearl and Dean will also offer post-production editing as well as commissioning and production, but the majority of the films are made by independent production houses.

At the other end of the scale it is possible to make a cinema ad for very little indeed. Using library stock of both film and music with only a little modification and some graphics a low-budget ad of 30 seconds can be produced for between £800 and £700. The 15-second restaurant ad could cost no more than £200 including the cost of showing it to every audience in one cinema for a year. This end of the market is growing as specialised local traders take advantage of what can be a very cheap form of publicity.

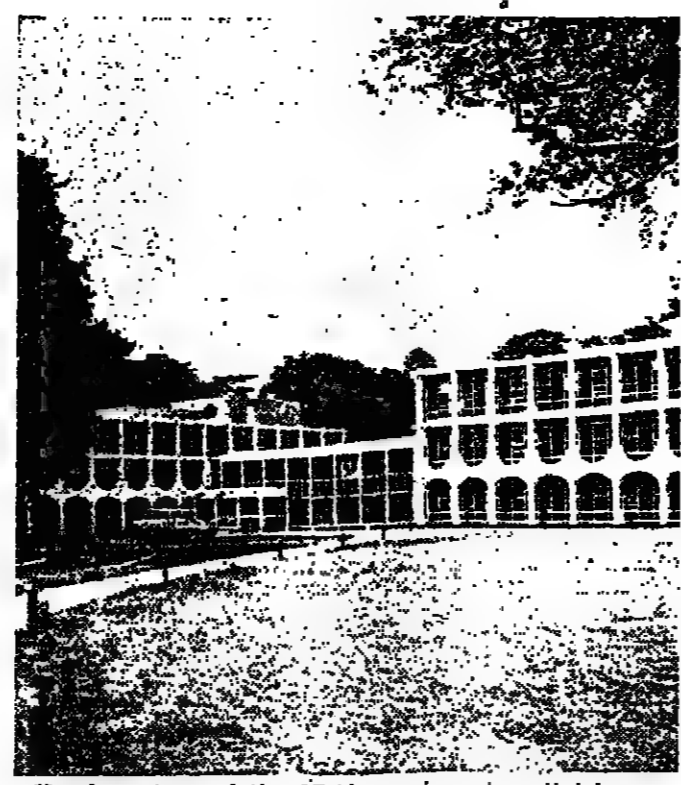
The total value of the industry is about £3m a year and the average large campaign of eight to 10 weeks in 500 of the current 1,650 cinemas will cost about £50,000 in addition to the costs of making the film and buying the prints.

Business is up by about one third in the first six months of this year, says Pearl and Dean which claims about 60 per cent of the market.

P and D has three of the four major chains and about 60 per cent of the independents with Rank in second place. P and D also claims heavier concentrations in several of the major television areas. They are developing the children's matinee market but have refused to carry goods which are not within the financial reach of children.

The other major restriction is that cigarette adverts are only shown with X category films, which now make up about 45 per cent of releases. This seemingly high concentration can be misleading, however, as the more readily identifiable soft pornography is not really responsible for a large percentage and is, anyway, seen only in a restricted number of outlets.

In general the business is healthy and there is little concern about reduced audiences. Figures are up and the market is easily identifiable and cohesive.



Headquarters of the IBA's engineering division at Crawley Court, Winchester.

# Radio

**Commercial radio is now firmly established in the U.K. and in many areas is posing a serious threat to the BBC. Will Annan recommend an extension of the system? Arthur Sandles reports.**

FOR MUCH OF this year Britain's commercial radio stations—there are now 19 of them—have been drawing in revenue at the rate of more than £1m a month, which is not bad going for something which many people said was doomed to failure. Gross revenue for the first eight months of 1976 topped the total for the whole year of 1975, which in spite of the fact that the number of stations was steadily growing, indicated to some extent that advertisers, like the audiences, were beginning to grow accustomed to this new creature on the airwaves.

Considering the fuss that was made over the introduction of independent radio into Britain, now it is here it gets remarkably little attention in the form of public comment. Apart from the spectacular events at London Broadcasting from time to time, independent radio manages to keep out of the headlines. This may be because its really impressive successes have been out of the normal media focus—in the smaller towns where people said commercial radio would never work—and north of the border.

To some extent the growth of radio's local coverage has itself provided the stimulus for growth in advertising. With 19 stations now on the air, advertisers feel able to reach a sizeable audience and are therefore willing to spend more time and money on their campaigns. There have been some splendid examples of experimentation in radio advertising as agencies feel their way.

Radio has various attractions as an advertising medium. Used properly it can hit audiences more selectively and with better timing than most of the rivals. By picking the timing right an agency can broadcast toothpaste advertisements at the time when most people are cleaning their teeth, soap powder commercials during the Monday wash period when most of the listeners are housewives, and pop-concert spots on Friday evening when the teenagers are deciding what to do at the weekend.

Given that independent radio seems to have been absorbed readily by both audience and advertisers without too much trauma, there would seem to be good reason to think that in this. Any programme which encourages a close relationship with its listeners invites antagonism from those who are excluded from the conversation.

The localised nature of the audience is again demonstrated by the difficulties which the London stations had in their early days. Capital was, of course, much more successful than LBC, but both seemed to have underestimated the problems of getting a slice of the market.

In retrospect the reasons are fairly obvious. It is not just that London is a very large place and therefore difficult to identify. Liverpool and Glasgow are both large cities but the radio stations have been remarkably successful. It may be because the BBC is London orientated in its programming and therefore the new stations were faced with finding weaknesses in a much more solid wall. Capital achieved it first by creating a sort of relaxed "cheeky chappy" mood which was meant to contrast with the BBC's organisational style. It is still true that the BBC pop shows have an air of "gosh, we are trying hard to be jolly, aren't we?" about them. LBC had a much more difficult task since a provider of news has to have an air of authority and the BBC has an unshakable ring of confidence about it. The LBC audience has risen considerably over the past year or so and although no one would say that the station is growing fast and prosperous there are hopes that its future is much more solidly based now.

One of the objections to a 80 station system was that this would involve enterprises in communities which might not be able to provide the financial backing for such a service. However, the opposite has proved to be the case. The present smallest station, Orwell in Ipswich, has shown that 200,000 people are quite enough to keep a U.K. independent station going.

It is surprising that all this growth in Independent Broadcasting Authority controlled radio seems to have had a beneficial effect on those previous stalwarts of the U.K. commercial scene. Radios Manx and Luxembourg, Luxembourg claims that the introduction of the commercial network has been a great help, partly because of the fact that advertisers are now much more aware of the usefulness of radio in certain areas than once they were. Luxembourg has been able to identify its audience and market its air time on that basis.

What local radio is able to do to a far greater degree than national radio is get the listener to identify with the station. National radio somehow tends to broadcast, while local radio indulges in conversations. There are faults as well as attractions in this. Any programme which encourages a close relationship with its listeners invites antagonism from those who are excluded from the conversation.

INDEPENDENT RADIO REVENUE FROM ADVERTISING			
Stations	1975	Revenue	
10	January	385,000	
10	February	425,000	
10	March	545,600	
10	April	611,825	
11	May	700,264	
12	June	657,203	
13	July	577,837	
13	August	531,757	
14	September	781,490	
16	October	1,058,067	
16	November	1,128,562	
16	December	1,132,392	
1975 TOTAL		8,534,997	
1976			
16	January	779,478	
16	February	806,448	
18	March	1,040,264	
19	April	1,279,338	
19	May	1,153,956	
19	June	1,232,496	
19	July	1,315,718	
19	August	942,017	
8 MONTHS TOTAL		8,549,715	

# Training

THE 10,000 students currently registered with the Institute of Marketing indicate the extent to which marketing education has developed over the past 25 years. For it is during that time that the professional bodies, universities and further education colleges have fully come to terms with training their marketing men efficiently, rather than letting them develop mainly through exposure to the variable weather of industry or commerce.

In the working world, industry and commerce have also taken up to the fact that modern marketing demands an active armory of skill and knowledge, high-standard initial training and a continued injection of new ideas.

The result is that we now have a structure of marketing education and training sufficiently flexible to cater for the needs of those deemed qualified to take up the career, and backed up by shorter courses to further the established market man's knowledge and charge his batteries.

The courses leading to the Institute's own Diploma can illustrate the considerable flexibility that exists in marketing education. Their basic time-length is of three years' duration, with a major element of full-time study, concluding in a year-long case study in which they demonstrate the practical applications of the very they have absorbed.

Up to the point of the case study, the individual academic backgrounds of the students are varied as the methods available to them to acquire their practical knowledge. Four separate routes to diploma allow GCE school-leavers, business graduates alike opportunity to gain professional status.

The greater number of students, just under two-thirds, start with a minimum five GCEs or equivalent, one which is to be gained at level. For two years, they follow the Institute's syllabus through part-time study or correspondence courses. In their final year, they undertake a case study. Provided they have practical marketing experience, they then gain institutional membership and their diploma.

For these, as well as for those in other marketing sectors, there are many other courses available which are more specialised than those leading to the initial professional qualification. They are usually short, residential and intense.

The short courses and the outside seminars serve purposes other than just updating the knowledge of the marketing manager. The residential ones, in particular, bring the man or woman whose experience may be limited to one company and its practices into contact with others. Skilled staff are on hand to teach the latest techniques, the working day may last 12 hours or more and the personal contact is of considerable value.

The Institute of Marketing operates its own residential college at Cookham, Berkshire, where such short courses are mounted in response to demand, not just from its own members, but from other marketing practitioners.

Similarly, higher education establishments supplement the full-time courses they already run with shorter courses which make use of college facilities, often in vacation time. Those universities and polytechnics where business and management studies have become a specialism also offer higher degrees with marketing as a main element.

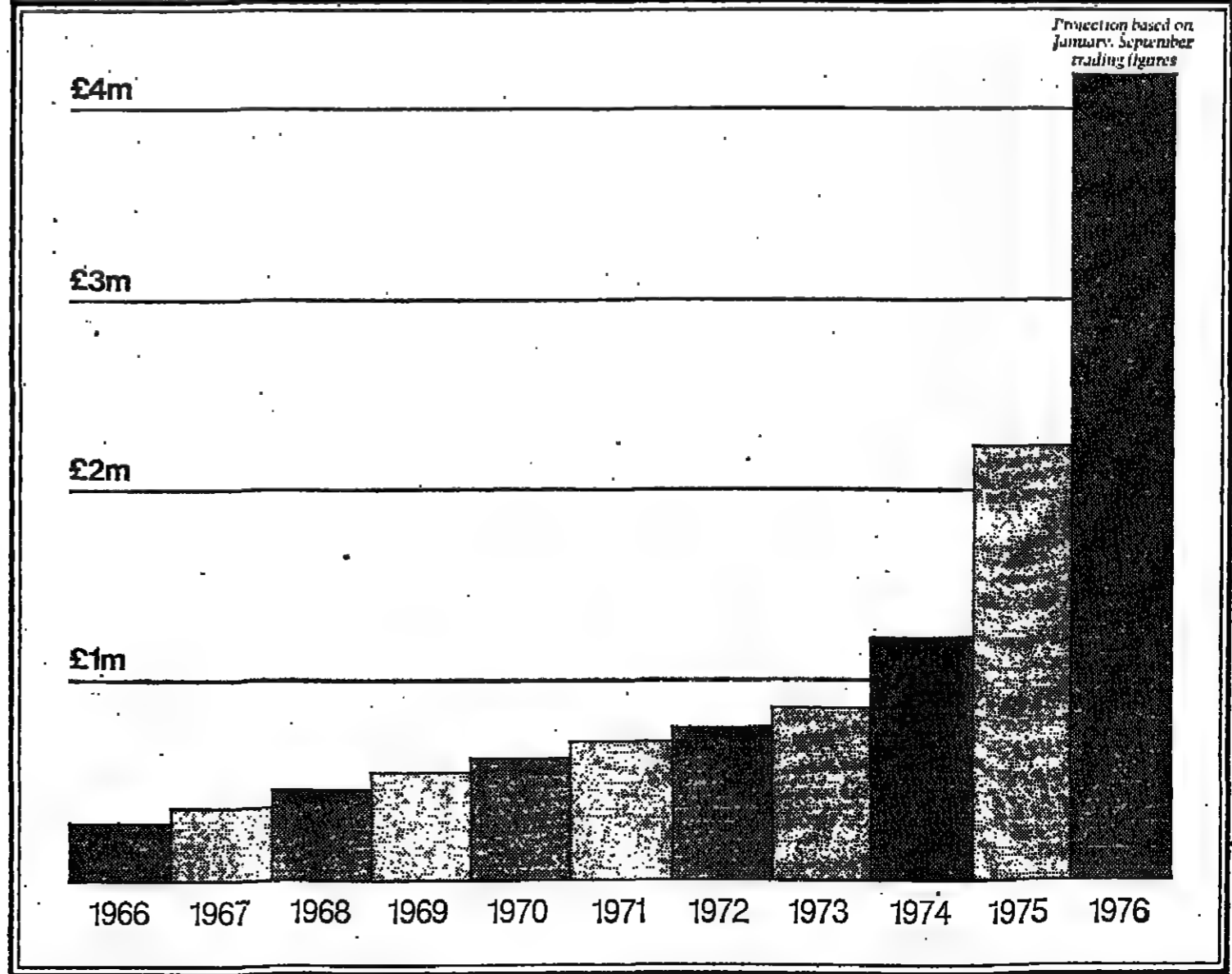
The intelligence, imagination, clear thinking, ability to work in a team, and self-confidence the handbooks pinpoint as requirements for marketing success complement that professional shade too vaguely.

More to the point are the breadth both of the entry routes into the job and of the training courses within it. The colleges, universities, and correspondence schools play their part. So, too, do those employers who recognise the value of sales or other marketing-related experience combined with application to the courses now available. For most entrants have some related experience before they embark on a marketing career.

Though a relative newcomer as a discipline in British academic terms, marketing's value has also been recognised by students from abroad. Of those studying the Institute's recently reconstructed course, half are estimated to come from abroad, mainly from Africa and Asia. Those foreign students' gains in understanding and expertise show British marketing training to be as international as the college prospectuses claim.

**Specialised training in marketing has developed as the profession has evolved. Roger Beard looks at the growth in marketing education.**

# A picture speaks a thousand words



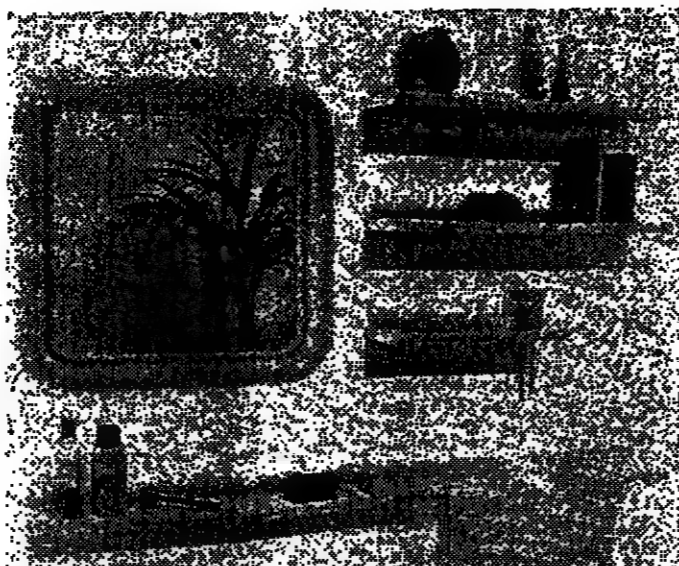
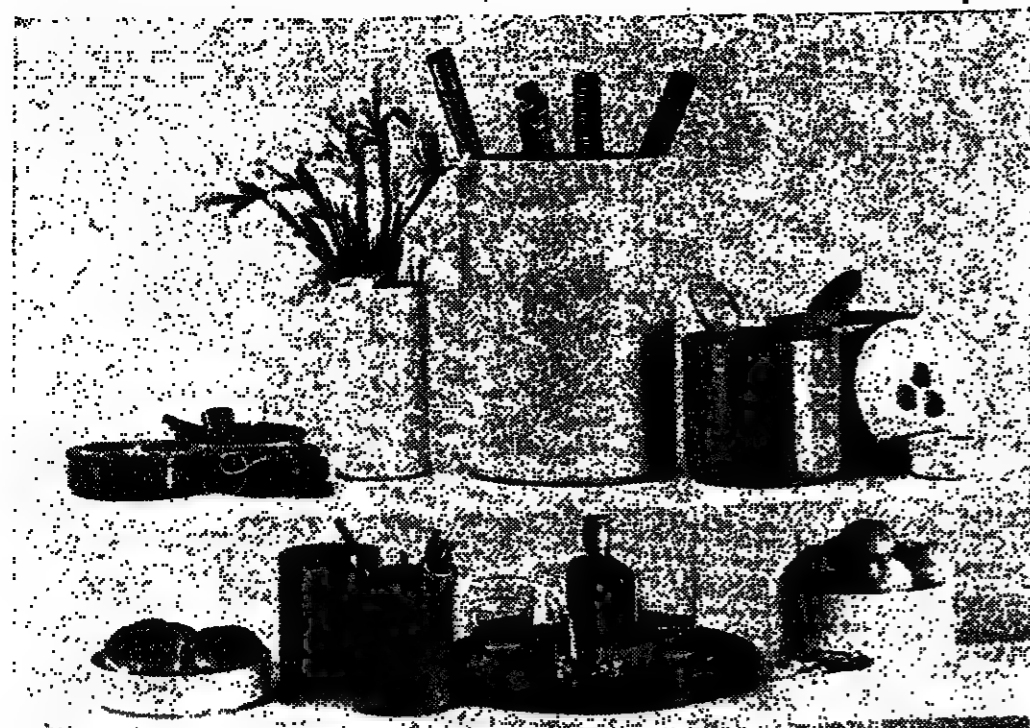
## Growth of Billings 1966-1976

**Bastable**

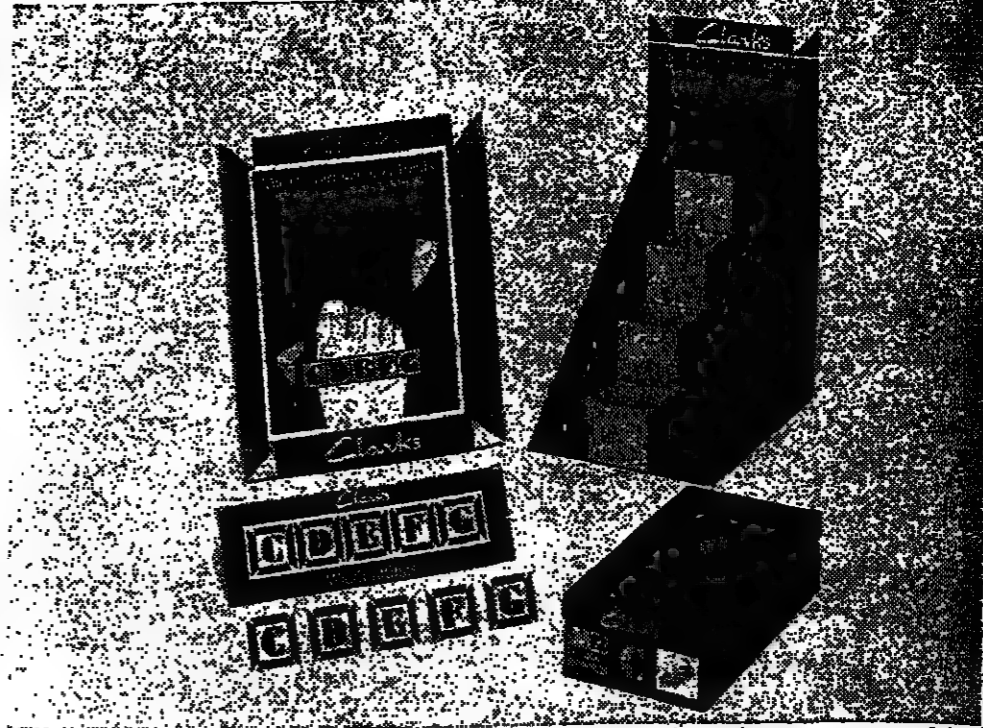
Bastable Advertising & Marketing Limited

One Tenterden Street, Hanover Square, London W1R 0PP Telephone: 01-408 1818 Telegrams: Adsense, London W1

Our Clients include  
Aldingville Homes, "Black Echoes" music weekly, "Classical Music Weekly", EMI Records, Fairview Homes, Kangol Hats, Marples Ridgway, MFI Furniture Centres, Mitsubishi TV, Mitsubishi U-BEX office copiers, Parker-Hamilton (UK) Ltd, Roger Malcolm Homes, Schlesingers, Seconometric Building Systems, Spotlight Publications, "Squads", "Over 21", "Record Mirror", "Hi-Fi Weekly".



Some examples of recent design. Left and above: Conran Associates designed these containers and bathroom furniture for Crayonnie, a member of the Airfix Plastics Group. Right: Point of sale material for Clark's shoes designed by John McConnell of Pentagram.



# Marketing design

**DESIGN IS** inherent in every aspect of marketing. A product is designed. The places in which it is manufactured and marketed are designed. The corporate image of the company which produces it is designed, and so are its point of sale material, packaging and advertising.

The trouble is that all these things may be designed, but only too often, the work is done by people who know comparatively little about the job; in other words by any willing or under-employed Joe the company happens upon at the time. The sales manager will help the product manager design the product, the chief engineer (preferentially guided by the property manager) will design the offices, packaging will go to an advertising agency, which may produce handsome graphics but which has no knowledge of the economical construction of packages, and the corporate image—the message by which the company identifies itself in anybody with whom it comes into contact—this can go to the young lad in the advertising department who has just left art college, for he's got the knack of running up a quick symbol indicating size and strength and designing some new writing

paper. It all smacks of asking a clutch of student nurses to perform a major operation.

This ludicrous state of affairs has only been intensified by current conditions of falling prices and falling profits. Tight budgets, since many otherwise well-informed businessmen equate good design with essential aesthetics and heavy expenses. Not to be considered when times are bad. Nothing could be further from the truth as is shown by the attitude of more enlightened companies. James Pidditch, in his recently published book "Talk About Design" quotes case histories of companies where design, far from being merely the icing on the cake, has actually contributed to cutting costs and increasing profits. It is significant too that Lord Caldecote, Chairman of the Delta Metal Company and of the Design Council, recently suggested that any company applying for Government aid must first prove its design ability "because self-evidently their need for financial assistance must reflect unfavorably on their design and design management services." In cases where taxpayers' money is invested in manufacturing industry it is surely essential to take every possible step to ensure that the design expertise

which was lacking is in future adequately provided so that new investment may pay off."

If that applies to Government-assisted companies, it applies every bit as much to companies where only private money is involved.

## Embarked

First-rate British design firms and there are many — are currently feeling the cold blast of recession so badly that the smallest and youngest have often gone out of business, while even those with a firmer foothold have been obliged to forgo overseas for work, and here the competition is high. Thus British Interiors, which is exporting their services (along with many British products) in huge quantities to the OPEC countries (one firm, Fitch and Company, has set up a successful and growing office in Dubai), West Indies, Hong Kong, South Africa and increasingly to European countries whose economies are almost as shaky as our own.

Graphics designers have always been in demand overseas, particularly in Germany and France, and Banks and Miles, which has long had an office in Holland, has now embarked on a large corporate identity pro-

gramme for a cement marketing and manufacturing plant in Nigeria. The multi-disciplinary Conran Design Group, which works all over the world, has just been appointed by the Saxon Paint and Home Care Centres, a 30-strong retail chain in the Chicago area, to redesign all their packaging and in-store merchandising fittings, as well as rationalising their product ranges, developing textile designs and designing wall-papers and light fittings, and other product designs, notably those of the calibre of AID. Murdoch Design Associates and Ken Grange at Pentagram, spend an increasing amount of time plane-hopping from one overseas client to another.

The foreign currency earnings are welcome. Not so pleasant is the fact that—as far as the product designers are concerned—British talent is being employed to design goods which will often

**Design is too often left to those who know comparatively little about the job, says José Manser, and falling profits and tight budgets have aggravated this situation.**

inctive and attractive, and their point of sale graphics have a rare clarity, quite unlike the hand-lettered, slovenly notices which bedeck many food chains. Offices in London are designed well enough to please staff and raise output, and company publications are attractive to read. J. Sainsbury, need I add, is successful!

## Arrival

Among manufacturing companies Hille and Form International, a small private company, is one of the few modern furniture makers of note, with a large percentage of its sales being overseas. Again no link in the chain is neglected. The products, the premises, the company graphics and the advertising all bear the handmark of top designers. In other words, there is real design management in that company, and design management, a subject in which a chair endorses by the Wolfson Foundation, has just been established at the Royal College of Art. is what it is all about.

It is not coincidence that at both Sainsbury and Hillie, the men at the top of the management pyramid, John Sainsbury and Leslie Julius, take a personal and day-to-day interest in the company's design activities. For although good middle-

management is capable of executive duties in this respect. The real decisions must always come from the top.

## Arrival

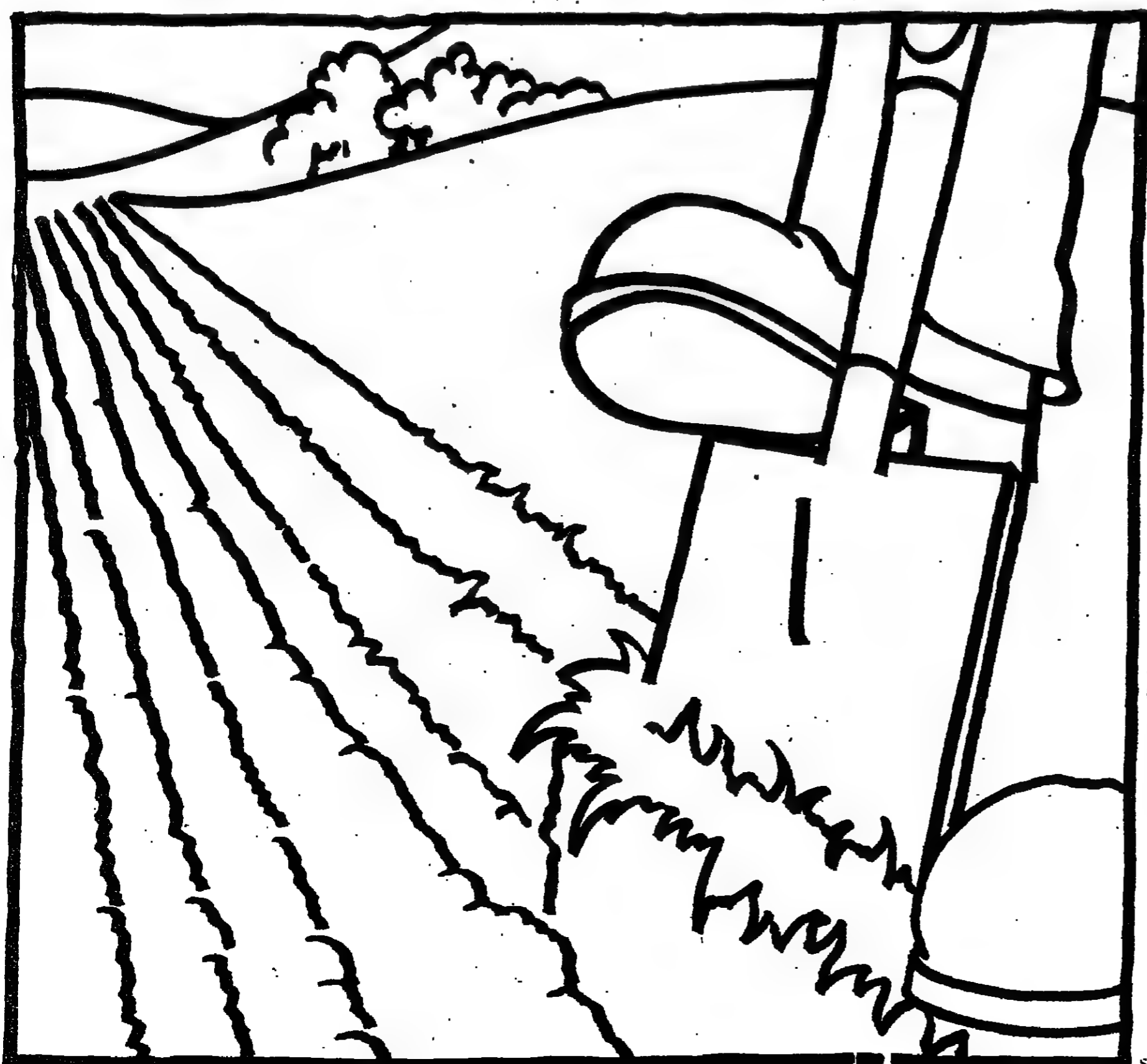
In yet another comparison, C. J. Clark, the Somerset shoe manufacturer, it is the arrival of a new company chairman, Lance Clark, recently returned from Australia, that has resulted in a spate of design activity. Sold in 1,800 small independent shops, Clark's children's shoes are a strong presence in the market. Clark foresees that a new marketing policy was needed to fend off encroaching competition. After investigating the work of several design firms (another important and often neglected management task, for there are bad designers as well as good, and selection is vital), he appointed John McConnell, of Pentagon Design

Partnership, to advise him. A well-established line was being sold in often rather dull shops. There was rarely room for a separate Clark's department, and anyway it could hardly be justified as trade fluctuated wildly: after 4 p.m. and the last day of the school holidays being peak sales times. McConnell's prescription was for brilliantly coloured and movable point

of-asl, aids, which by crisp lines and red, blue, y and green colour scheme, out the Clark presents. I took the form of gay decor panels, amusing and inform but also a soft sell for a distinctive footfall. I nated, window signs and service stands. Since I represent about 75 per cent stock in most outlets, I suggested they brought boxes from behind concealing old and redesigned them. I newly bright green, then a vivid wall of colour. Cl colour. And the Clark's if were proclaimed on the I in newly designed. I was a single, full new gown a separate entity in a often a somewhat unappe background. Clark's like scheme, it is currently implemented in 300 top us and McConnell is working parallel plans for men's women's shoes.

These are three success companies where enlightened management employs design in all its aspects. There are many others. But still too few. Nobody would attribute the malaise which afflicts so much of our industry to lack of design policy, but it is perhaps one thing which could contribute to a renaissance.

# IS THERE A QUICKER WAY?



You can dig around for ABCIs for days if you need the exercise. There must be plenty of undiscovered schedule combinations to test your computer on.

Or else you can use The Daily Telegraph. It has more ABC1 readers than The Times, The Financial Times and The Guardian put together. And it costs less per thousand per column centimetre than any other quality newspaper—Daily or Sunday. Which means it just ploughs through the competition.

**The Daily Telegraph**  
**GET IT RIGHT IN ONE**

Sources: Jignars July 1975-June 1976, BRAD September 1976, and current rate cards.

هكذا من العمل

## Church

## Decisions investment

Encourage exports

# Mr. Gierek up against it

By CHRISTOPHER ROBINSON in Warsaw and DAVID LASCELLES in London

Poland has an East European tremor reached every corner of the country. It is a tremor that has shaken the very foundations of Polish life and government. Mr. Edward Gierek, the man who has been at the helm of the Polish government since 1970, is now facing a crisis of confidence that is unprecedented in the history of the Polish People's Republic. The crisis is the result of a combination of factors, including the failure of the government to meet its economic obligations, the loss of public confidence in the government, and the growing opposition to the government's policies. The crisis is a reflection of the deep-seated problems that have been plaguing Poland for many years, and it is a sign that the government is losing touch with the people. The crisis is a warning that the government must take action to address the people's concerns, or it will be replaced.

genuinely consult with the explosive. The government has lost much of the credit it previously had for raising wages by 7 per cent. a year and improving supplies of consumer goods. But people have relapsed into a resigned frustration. There are still queues at the shops; meat is short, sugar rationed, and the slightest rumours lead to panic-buying, the latest example being matches. The events of the summer have not helped to solve the economic problems, principally a wide gap between supply and demand on the home market, and a worryingly large foreign debt. This year's poor harvest, the third in a row, has made them more acute.

### Commissions

Officially, the way forward now lies with a group of five party commissions set up to examine the problems in depth and report to the next party conference in 1978 when a decision on prices will be taken. No doubt these investigations will give people a chance to air their grievances; they might even alert Mr. Gierek to the popular mood which he plainly misjudged last June. Like some commissions elsewhere, those in Poland look suspiciously like a device to allay public feeling, the more so since the price rises in June were announced supposedly "after careful and profound analysis of the economic situation".

If Mr. Gierek is now playing for time, he can hardly be blamed so long as the key factor remains the mood of workers from whom he must ultimately coax the production needed to supply the home market and pay off the foreign debt. His hasty retreat over prices and the reduction of the sentences on rioters (who were described in official circles at the time as

hooligans) show that he intends to treat the workers with the utmost respect. It also shows a realistic appraisal of his political possibilities in a situation where other East European Governments might well bulldoze their way forward.

To what extent he is acting from extreme caution or uncertainty about what to do next is debatable. No doubt issues are being urgently discussed behind the grey stone walls of the Polish party headquarters. But there is nothing yet to indicate that any strategy has been decided upon beyond appealing for public co-operation in frank-sounding speeches, and promising the fullest consultation.

One potential source of pressure, at least, appears to be still. The other Warsaw Pact countries, the Soviet Union in particular, believe that the situation is best left to the Polish leaders. Any toughening in Mr. Gierek's position would not only be counter-productive; it would immediately be ascribed to interference from Moscow, and that would be dangerous.

There has been no word, but much speculation, whether the Russians are helping Mr. Gierek financially. If they are, there are two possibilities: credits or relief from investment commitments in joint Comecon projects. According to the latest reports, though, the Poles are still participating in the construction of the Orenburg gas pipeline, the largest current Comecon project.

There should be more news about the Russians' attitude in the next few days. Rumours are circulating in Warsaw that Mr. Gierek will visit Moscow this week to see Mr. Brezhnev. While such rumours always



Cardinal Wysinski (left) and Mr. Gierek: no head-on confrontation.

method of cynicism and self-interest is such that it would be political suicide to do so. It is, then, a psychological problem but one that is not easily overcome. Like any badly run business we probably have to go back to the drawing board and start again. The crisis is a warning that the government must take action to address the people's concerns, or it will be replaced.

### Forward view needed

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### Decisions on investment

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### A need to go bust?

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### Employment and inflation

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### European MPs

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### No incentive to go on

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# COMPANY NEWS

## Asda's "massive" capital programme

THE MOST successful trading by Associated Dairies in the year to May 1, 1976, has enabled the Board to embark with confidence on a massive capital development programme during the course of the next 18 months, says the chairman, Mr. A. N. Stockdale.

The fact that the directors have embarked on such expenditure reflects the confidence they hold for the future, he adds. Year-end capital commitments were £8.1m. (£4.1m.) contracted and £4.2m. (£2.9m.) not contracted.

New supermarkets were opened at Kirkby, Chapelton and Cambsburg, in addition to which two smaller units in Manchester and Birmingham were opened in August and October respectively.

During the current year the investment on the above amounted to some £2.9m, in addition to which £2.1m. was expended on existing stores.

Since the year-end, new stores have been opened at Dyer, Coastbridge and Birkenhead and at the moment a further eight stores are in the course of construction, representing a further investment of £1.5m. An additional £1.9m. has been authorised for up-dating existing units.

He reports that the Lofthouse meat factory is now paying dividends, and the introduction of made up meat products into all the company's major stores resulted in a substantial increase in turnover.

Demand for pre-packed fruit and vegetables has been such that the capacity of the produce warehouse has become inadequate, plans have been submitted at Nottingham for permission to erect purpose-built premises which will house fully automated packing plant. This should be in operation early next summer costing £1.8m.

On dairies, the chairman says in spite of the increased cost of liquid milk to the consumer over the past year, mainly due to the Government cut in subsidy, sales throughout the division were more than maintained.

The 13m, Newcastle-upon-Tyne dairy should be operational in early 1977. Improved installations carried out at the cheese factory in West Martin enabled the company to increase its throughput. It is proposed to further extend these premises at a cost of £1.3m, he says.

As reported on August 28 group pre-tax profit for the year was £14.72m. (£9.88m.) the dividend 1.2449p (1.1818p) net and a one-for-three scrip issue is proposed.

Meeting, Leeds, October 27 at 2.30 p.m.

**NEW NORTH SEA JOINT VENTURE**  
To exploit opportunities arising for the provision of large and often complicated structures for the offshore industry, Foster Wheeler Power Products, Motherwell Bridge Offshore and William Press Production Systems have

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**TO-DAY**  
Interim: Advance Laundries, Dale Electric International, J. E. England (Wellington), Jore Investment Trust, Marshall Cavendish, Ruxley Portland Cement.

**Next:** Change Water, Gray Electronics.

combined to form a new company, F.M.P. Constructors.

FWPP, MBO and WPPs have worked on 31 North Sea platform contracts, loading out over 40,000 tonnes of topwork and structural members in the past three years.

**G. Wills midway downturn**

ON A TURNOVER up from £33m. to £27m., pre-tax profit of importers and exporters George Wills and Sons (Holdings) contracted from £430,000 to £110,000 in the first half of 1976. Tax takes £37,000 (£220,000).

However, the directors are confident that they will be able to pay maximum permitted dividends which will be well covered.

The interim dividend is lifted from 0.715p to 0.73p net per 25p share. Last year's total was 1.26p from pre-tax profits of £233,000.

**J. Walker sales rising**

Since the top rate of VAT has been reduced current sales of James Walker Goldsmith Trust, Silver Smiths have increased to the extent that turnover is showing a record increase for this time of the year, says the chairman, Mr. G. S. Sanders.

During the year to April 30, 1976, new branch opening was restricted, particularly as the company is reluctant to invest the large capital sum required to fit out a modern jewellery shop in some of the new shopping developments, because the rent is subject to a three or five-year review.

Over the past years a number of old established family businesses were acquired which continue to trade very satisfactorily under their original names. The directors hope to utilise the considerable cash resources to add to this number when opportunities occur.

As known pre-tax profit for the year was £2.78m. (£2.78m.) the dividend 1.2449p (1.1818p) net and a one-for-three scrip issue is proposed.

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### FUTURE DATES

Interim: London S.W.P. Oct. 5  
Gin and Duffin Oct. 27  
Hill (R. & J.) Oct. 12  
Rubin Oct. 5  
Thomson Organisation Oct. 6

Final: Bird (Africa) Oct. 15  
Brant Holdings Oct. 11  
French (Tasman) Oct. 12  
Kalamazoo Oct. 12  
Petrolina Oct. 5  
Wentworth Foundry and Engine Oct. 5

August 14, 1976, and pre-tax profit slumped from £188,000 to £90,000.

Since August 14, however, turnover has increased by 9.4 per cent., the directors state.

An unchanged interim dividend of 1.25p net per 25p share is declared. Last year's total was 2.875p from profits of £339,143.

**Beaumont Props. advance**

PROPERTY REVENUE of Beaumont Properties advanced from £807,350 to £867,90 for the six months to March 31, 1976, and the directors expect considerable trading profits in the second half.

Property revenue - includes property trading of £37,750 (£13,500), investment income of £33,000 (£30,000), but after associated charges of £27,000 (£28,500) and interest charges of £369,335 (£337,355). Tax took £203,750 (£170,000).

An unchanged interim dividend of 1.15p net per 25p share has already been paid. Last year's total was 2.8648p after property and general revenue of £1,335,130.

Earnings for the half year are stated at 1.25p (1.05p) per share.

**J. Lyons to reorganise in Ireland**

The Board of Lyons Irish Holdings announces that the holding company, J. Lyons and Co., has taken steps to re-organise its affairs in Ireland. A new wholly-owned Irish subsidiary company, Lyons Irish Enterprises, has been set up which will hold all JLC interests in companies in Ireland, including the 75 per cent. shareholding in Lyons Irish Holdings, although the shares in Lyons Irish held by J. Lyons will be transferred to the new company, the ultimate control and ultimate beneficial ownership will remain unchanged.

**FT Share Service**

The following securities have been added to the Share Information Service:—  
Bridgend Process (Section: Industrial (Misc.)).  
Episcure Holdings (Section: Hotels and Caterers).  
Hollins (Section: Engineering, Machine Tools).

Also a new section comprising 10 of the most important British shares have been inserted in the Overseas Share Information Service.

**Bourne & Hollingsworth**  
GROUP TURNOVER of department stores, Bourne and Hollingsworth, decreased from £3.34m. to £3.35m. in the half year to

### WINTRUST-SPIRO FAMILY HOLDING UP TO 46%

The Spiro family holding in Wintrust, in the shape of chairman Mr. George Spiro and joint managing director Mr. Richard Spiro, has risen from 45.5 per cent. at August 27, 1973, to 46 per cent.

At the moment, Mr. G. Spiro holds 13.5 per cent., Mr. R. Spiro 14.5 per cent., and Neset Investments (Jersey) 18 per cent. Electrical firm.

"This step will enable full advantage to be taken of the current expansion in the microwave oven market," Mrs. Sally Broad, former managing

director of Carnair and now general manager of the Toshiba division said.

**UNILEVER DEAL WITH ROWNTREE**

Agreement has been reached whereby Unilever will acquire Anglia Data Services (U.K.) from Rowntree Mackintosh.

Unilever proposes to retain the business in its present trading form but will place it under the control of its wholly-owned subsidiary Unilever Computer Services.

Amounts involved in this transaction are not material in relation to the assets of either company.

**PROPERTY HOLDING**  
Property Holding & Investment Trust announces that completion has taken place of the sale of the freehold site at Thorney Court, Palace Gate, W., for the sum of £12m. No income has been received from this property since 1972. Pending re-investment the net proceeds, together with other amounts arising from the cash flow, have been placed on deposit with bankers. At September 30 such deposits amounted to £2.5m.

**ELLIS & EVERARD —ALBRIGHT**

Ellis and Everard (Chemicals) has signed a distributorship agreement with Albright and Wilson, appointing it as sole national distributor in Great Britain for two tonnes and less of a range of products manufactured by their phosphates sector as from November 1, 1976. The aim is to improve the service to Albright's customers through Ellis and Everard's 17 U.K. branches.

**BRENT CHEMICAL**  
Brent Chemical International's offer for Savilles Hydrological Corporation is now unconditional. Acceptances have been received in respect of 6,000 Deferred (100 per cent.) and 47,350 Ordinary (88.66 per cent.) in SHC.

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### BIDS AND DEALS

## Barclays Bank buys UDT (Hong Kong)

United Dominions Trust has sold for £2.5m. cash to Barclays Bank International its wholly-owned subsidiary, UDT (Hong Kong).

UDT (Hong Kong) was formed in 1973 as the holding company for UDT's initial investment in South East Asia when jointly with Jardine Matheson it established Jardine UDT.

The consideration, equal to \$100,000, compares with a net asset value at March 31, 1976, of \$100,000. The net profit before tax of UDT (Hong Kong) for the year ended on that date was \$100,000.

UDT also announces that following the decision of the Federal Military Government of Nigeria to acquire compulsorily 80 per cent. of the capital of the principal banking companies in Nigeria, it has sold to the Nigerian Government 60 per cent. of its merchant banking company, UDT Bank (Nigeria).

Barclays Bank International has concluded negotiations with the Nigerian Government for the latter to acquire a further 1.67 per cent. of the capital of Barclays Bank of Nigeria.

Barclays share in the equity will be reduced to 40 per cent. as required under the terms of the recently announced Government policy for industrialisation.

The agreement with government, Barclays will continue to provide technical and management assistance to Barclays Nigeria.

**CARNAIR JOINS TOSHIBA**

Carnair Developments of Malden Road, NW, which markets the Toshiba range of microwave ovens, has become the microwave oven division of Toshiba U.K.

Formed in 1973 to market TV and hi-fi products in Britain, Toshiba (U.K.) is a subsidiary of Tokyo Shibaura Electric Company, one of Japan's "Big Four" electrical firms.

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Formed in 1973 to market TV and hi-fi products in Britain, Toshiba (U.K.) is a subsidiary of Tokyo Shibaura Electric Company, one of Japan's "Big Four" electrical firms.

"This step will enable full advantage to be taken of the current expansion in the microwave oven market," Mrs. Sally Broad, former managing

director of Carnair and now general manager of the Toshiba division said.

**UNILEVER DEAL WITH ROWNTREE**

Agreement has been reached whereby Unilever will acquire Anglia Data Services (U.K.) from Rowntree Mackintosh.

Unilever proposes to retain the business in its present trading form but will place it under the control of its wholly-owned subsidiary Unilever Computer Services.

Amounts involved in this transaction are not material in relation to the assets of either company.

**PROPERTY HOLDING**  
Property Holding & Investment Trust announces that completion has taken place of the sale of the freehold site at Thorney Court, Palace Gate, W., for the sum of £12m. No income has been received from this property since 1972. Pending re-investment the net proceeds, together with other amounts arising from the cash flow, have been placed on deposit with bankers. At September 30 such deposits amounted to £2.5m.

**ELLIS & EVERARD —ALBRIGHT**

Ellis and Everard (Chemicals) has signed a distributorship agreement with Albright and Wilson, appointing it as sole national distributor in Great Britain for two tonnes and less of a range of products manufactured by their phosphates sector as from November 1, 1976. The aim is to improve the service to Albright's customers through Ellis and Everard's 17 U.K. branches.

**BRENT CHEMICAL**  
Brent Chemical International's offer for Savilles Hydrological Corporation is now unconditional. Acceptances have been received in respect of 6,000 Deferred (100 per cent.) and 47,350 Ordinary (88.66 per cent.) in SHC.

**WINTRUST-SPIRO FAMILY HOLDING UP TO 46%**

The Spiro family holding in Wintrust, in the shape of chairman Mr. George Spiro and joint managing director Mr. Richard Spiro, has risen from 45.5 per cent. at August 27, 1973, to 46 per cent.

At the moment, Mr. G. Spiro holds 13.5 per cent., Mr. R. Spiro 14.5 per cent., and Neset Investments (Jersey) 18 per cent. Electrical firm.

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**WINTRUST-SPIRO FAMILY HOLDING UP TO 46%**

## Amber Day expect further progress

SALES AND ORDERS for the current year of Amber Day Holdings show a healthy increase and, subject to the successful containment of costs, another year of steady progress is envisaged, says chairman Mr. R. Metzger.

The Board is currently considering plans to increase productive capacity of the manufacturing division, and a North of England site has been acquired for erection of a 100,000 sq. ft. factory.

A recent sale and lease back has further improved the company's strong liquidity position by £400,000, the chairman reports.

At the year-end the group had bank and cash balances up from £134,865 to £113m.

The year ended April 30, 1976 was a difficult one, but the group's policy of diversifying into many fields within the clothing industry proved successful in helping to produce pre-tax profits up from £246,343 to £220,366 on a turnover ahead from £11.94m. to £13.28m.

Inquiries from the Middle East, U.S. and Scandinavian countries were both "interesting" and "frustrating," the results of which are reflected in the increase in export sales from £22,412 to £224,411, says the chairman.

As reported September 15 the dividend is raised from 1.3785p net to 2.08p, as forecast, on capital increased by last December's one-for-one rights issue. A one-for-five scrip issue is also proposed.

Meeting, Church Hill Hotel, W., October 26 at noon.

**Capper-Neill restructures**

Changes in the structure of Wm. Neill and Son (St. Helens), the main fabricating subsidiary of the Capper-Neill Group are announced.

The major innovation is the formation of a new company, William Neill Holdings, to develop and co-ordinate the profitable expansion of the heavy and medium work fabricating units in the North West. This holding company will also embrace the group's Newton-le-Willows plant, Capper-Neill Industrial Products.

Progress ending dividends

Mr. W. P. ...

Table with 4 columns: Company, Dividend, Date, etc.

Confidence at Rio de Janeiro

The directors of ...

Nutricia to resume dividend

OUR OWN CORRESPONDENT, AMSTERDAM, Oct. 3.

Stanley's rationalization

Mr. Stanley ...

Public Works Loan Board rates

Table with 4 columns: Years, Rate, etc.

London tea sales

Table with 4 columns: Tea type, Price, etc.

Recent issues

Table with 4 columns: Issue, Price, etc.

Fixed interest stocks

Table with 4 columns: Stock, Price, etc.

Rights offers

Table with 4 columns: Offer, Price, etc.

Triomf profits fall sharply

BY RICHARD ROLFE

Elektro-Watt profit hit by recession

BY JOHN WICKS

Money and Exchanges

Bank of England Minimum Lending Rate 13 per cent.

Other markets

Table with 4 columns: Market, Price, etc.

Gold market

Table with 4 columns: Gold, Price, etc.

Exchange cross-rates

Table with 4 columns: Cross-rate, Price, etc.

EURO-CURRENCY INTEREST RATES

Table with 4 columns: Interest rate, Price, etc.

They'll be fighting on the beaches

BY LOOESTAR

IN JULY the heading to this column was "South African threat to Australia's beaches."

Platinum hopes

Mr. Ian Greig and Sir Albert Robinson showed their usual caution last week when reviewing the outlook for platinum and for other precious metals.

The fox may run

"Australian uranium shares will fluctuate nervously as the birth of the vital Fox environmental movement is heralded."

Insurance

THE Insurance Companies (Intermediaries) Regulations, 1976, came into force next Monday.

Rules for brokers to protect policyholders

BY OUR INSURANCE CORRESPONDENT

From the policyholder's viewpoint there is a very substantial limitation on the new duty, for the broker has no obligation of disclosure, either when offering renewal of policies in existence or when arranging mid-term alterations.

Broking interests

From the practical aspect, the broker is obliged to inform his client verbally of any connection he has with insurers at the time the purchase of insurance is discussed and he must back up this verbal disclosure with a written statement which must be handed over to the client.

Further growth for Hong Kong Land

HONG KONG LAND COMPANY has announced an unaudited consolidated group profit after taxation for the half year to July 1977.

Montedison sale

Montedison SpA's loss-making subsidiary Fargas SpA has been sold to Milan industrialist Carlo Noe for L850m.

Kaiser sale

Kaiser Steel Corporation today announced it plans to sell approximately 3.5m. of its shares in Kaiser Resources, its British Columbia coal mining affiliate, through a secondary public offering in Canada.

Insurance base rates

Table with 4 columns: Insurance, Rate, etc.



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	52
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124	Prop. Equity Insurance Co. Co. #	Slater Walker Insurance Co. Co.
125	1180 Crawford Street, Wile SAR.	300 Unbridge Road, Wile
126	R. S. Walker, Pres.	W. S. Walker, Pres.
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128	Do. Pres. Sec. Pd.	Do. Pres. Sec. Pd.
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## FINANCIAL TIMES STOCK INDICES

	Oct. 1	Sept. 30	Sept. 29	Sept. 28	Sept. 27	Sept. 26	1 Year ago
Government Secs.	58.18	59.19	59.61	59.81	60.37	60.24	59.02
1 Interest	58.97	59.38	59.48	59.48	60.08	60.01	59.95
General Uncertainty	57.75	58.53	59.04	58.11	58.65	58.95	59.27
Minors	306.5	304.7	309.5	314.5	315.5	320.5	324.0
Div. Yield	7.05	6.98	6.80	6.71	6.59	6.48	6.30
Index X'Industrial	30.35	30.43	30.10	29.28	29.39	29.08	27.30
Index (not incl. Wt.)	7.05	7.19	7.24	7.44	7.61	7.75	8.21
Stock market	4,656	4,559	4,514	4,302	4,186	3,966	5,082
Turnover \$ mil.	—	58.56	50.07	54.30	52.34	55.37	75.47
Percentage total	—	19.04	13.29	11.95	9.08	8.99	16.42

10 a.m. EST. 11 a.m. EST. Noon EST. 1 p.m. EST.  
8 p.m. EST. 8 p.m. EST.

Largest trades: 9-245 267.

(a) Based on .25 per cent. corporation tax. (b) 1941-42.

Last 100 Corp. Secs. 15/100s. 12 1/2. Bond 100. 100.

12 1/2 3/4. 52 1/2 Activity July-Dec. 1937.

100. 100. 17 1/2. Gold

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		HIGHS AND LOWS				S.E. ACTIVITY	
		Yield		Mature Completion		Days	
		High	Low	High	Low	1	30
Secs.	63.21	69.15	57.47	49.18		129.1	172.7
	(30.7)	(30.7)	(30.7)	(30.7)		145.2	177.8
Int.	64.43	68.85	150.6	50.53		105.5	110.0
	(22)	(30.9)	(231.17)	(31.78)			
Yrd.	420.38	517.5	154.83	69.3		121.6	169.8
	(4.9)	(1.0)	(10.22)	(20.40)		159.6	148.4
Mines.	246.6	78.8	55.5	35.5		110.8	106.2
	(21)	(25.8)	(22.78)	(20.07)			

		FT—ACTUARIES INDICES						
		Dec. 31	Sept. 30	Sept. 30	Sept. 30	Sept. 30	Sept. 30	A Total
		1924	1925	1926	1927	1928	1929	1930
rial form		126.05	127.43	130.44	131.78	135.28	136.59	134.10
acc.		143.54	144.51	148.03	149.71	153.03	155.82	148.44
and po.		7.23	7.12	6.89	6.90	6.79	6.78	6.14
into (net)		8.00	8.66	8.95	9.38	9.58	9.64	8.41
acc.		133.77	135.00	138.43	140.03	143.95	145.96	144.25
to Yield po.		14.91	14.90	14.78	14.76	14.86	14.88	14.69

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4. Irish Place, Cth. G2245 Int. (toll) 003482 3748. \*KB act as London paying agents only.

## BASE LENDING RATES

American Irish Banks Ltd.	12 1/2 %	Julian S. Hodge	13 %
African Express Bank	12 1/2 %	Hongkong & Shanghai	13 %
Belo-Portuguese Bank	12 1/2 %	Industrial Bank of Secot.	12 %
Credit Ansbacher	12 1/2 %	Keswick & Jubbann	12 %
Credito de Bilbao	12 1/2 %	Knovsley & Co. Ltd.	13 1/2 %
Cyprus Bank	12 1/2 %	Lloyds Bank	12 %
Bank of N.S.W.	12 1/2 %	London & European	12 1/2 %
Comque du Rhone S.A.	12 1/2 %	London Mercantile	12 1/2 %
Credit Suisse	12 1/2 %	Midland Bank	12 %
Dunelm Christie Ltd.	13 1/2 %	Sammel Montagu	12 %
Egyptian Holdings Ltd.	12 1/2 %	Morgan Grenfell	12 1/2 %
Bank of Mid. East	12 1/2 %	National Westminster	12 1/2 %
Gwyn Shipley	12 1/2 %	Northern Comm. Trust	12 1/2 %
Guaranty Permanent AFT	12 1/2 %	Norwich General Trust	12 1/2 %
Imperial C. & F. Ltd.	12 1/2 %	P. S. Reeson & Co.	12 1/2 %
Mer. Bowater Co. Ltd.	12 1/2 %	Rossminster Accept'ce	12 1/2 %
Marshall Holdings	13 1/2 %	Royal Bk. Canada Truss	12 1/2 %
Overseas-Japhet	13 1/2 %	Schlaenger Limited	12 1/2 %
E.E. Coutes	13 %	F. S. Schwarz	13 1/2 %
Consolidated Credits	12 %	Security Trust Co. Ltd.	13 %
Co-operative Bank	12 %	Shezley Trust	14 %
Continental Securities	12 %	Standard Chartered	12 %
Credit Lyonnais	12 %	Trade Development Bk.	12 %
C.R. Dawes	13 %	Twentieth Century Bk.	13 1/2 %
Equican Lawrie	12 %	United Bank of Kuwait	12 %
First Trust	12 %	Whiteaway Laidlaw	13 1/2 %
British Transocon	13 1/2 %	Williams & Glyn's	12 %
Bank London Secs.	12 %	Yorkshire Bank	12 %
Bank of Gibbs	12 %		
Bank Durranit Trust	12 %		
Abound Guaranty	12 %		
Bank of India	11 1/2 %		
Business Mahon	12 %		
Bank of India	12 %		
Samuel	13 1/2 %		
Hoare & Co.	12 1/2 %		

■ Members of the Accrington Housing Committee:  
7-day deposits 8 1/2 %, 1-month deposits 9 1/2 %.  
7-day deposits on sums of £10,000 and under 6 1/2 %, on £10,000-£25,000 6 3/4 %, and over £25,000 6 1/2 %.  
Demand deposits 8 1/2 %.  
Call deposits over £1,000 8 1/2 %.

[illegible][illegible][illegible]

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## NOTES

# Marston's

Another year of progress

In his Statement, the Chairman, Sir Clifford Gothard makes the following points on the year ended 31st March, 1976:

- \* Profit before tax increased by 24.8%.
- \* New bottling line in operation and showing marked increase in efficiency.
- \* Continuing plant modifications leading to higher productivity.
- \* Current sales running at a satisfactory level.

## SUMMARY OF RESULTS

	Year ended 31st March 1976	1975
External Sales	17,310,366	13,177,765
Profit before taxation	2,769,462	2,219,054
Profit after taxation	1,355,573	1,076,711
Profit retained	1,009,125	732,820
Earnings per ordinary share	5.3p	4.2p
Dividends per ordinary share	1.5174p	1.3963p

Marston, Thompson & Evershed Limited  
Brewers, Wine & Spirit Merchants



**International Paperboard Packaging**  
Interim Statement

\* Record half-yearly results with advances of 40% in sales and nearly 80% in pre-tax profits over the January/June 1975 levels.

\* Overall group volume of paperboard and packaging products increased by one-third and selling price increases restrained below national rates of inflation.

\* Board Division operated at full productive capacity which has recently further expanded.

\* General products Division achieved further growth and composite oil cans were successfully launched.

\* Overseas results also advanced but progress is not being maintained.

\* Fully satisfactory results are expected for 1976.

## SUMMARY OF RESULTS

	1976	1975	1975
	First Half	First Half	Year
Sales Turnover	11,822	8,437	16,985
Profit before Taxation	1,006	1,006	2,156
Earnings per share	4.94p	2.72p	5.97p
Dividends net per share	1.1p	1.0p	2.92p

Copies of the 1976 Interim Report are obtainable from the Secretary, T. P. T. Ltd., Romiley, Cheshire.

## HOME NEWS

# Machine-tool show brings home and export orders

BY ARTHUR SMITH

BRITISH COMPANIES announced orders worth £14.5m., nearly a third for export, at the International Machine-Tool Exhibition which has just closed in Birmingham.

Total orders could be nearly three times that, as only a proportion of the companies exhibiting officially declared the business transacted, the Machine-Tool Trades Association said.

The new work will give a welcome boost to the morale of the depressed industry, but few companies are yet prepared to venture whether it will mark the start of a more rapid recovery.

The association said that business contracted in the 11 days at the National Exhibition Centre was a record for a machine-tool show in this country. The number of registered visitors, at 88,377, also marked a new high. A large stimulus was certainly needed for the industry, which according to the latest official statistics had work sufficient to last only six or seven months.

Encouragement is being taken from British success in Eastern Europe. On the eve of the exhibition three U.K. companies disclosed that letters of intent had been signed to supply £24m. worth of machine-tools to Poland. The long-awaited orders for Leyland cars are likely to be placed in the next few weeks.

The general feeling at the exhibition was that the recovery from recession is likely to be gradual, and that the main upturn may not be felt till the spring.

## THE INDUSTRY SCHEME: Position at JULY 31

Region	Applications received		Applications under consideration		Offers made		Associated estimated project costs	
	No.	Value (£000)	No.	Value (£000)	No.	Value (£000)	No.	Value (£000)
Scotland	2	2,015	1	1,155	1	138	—	840
Wales	—	—	—	—	—	—	—	—
Northern	1	2,245	1	2,245	—	—	—	—
North West	2	7,950	1	6,773	1	223	1	1,177
Yorkshire/H'side	8	3,807	4	1,502	2	313	1	1,758
East Midlands	4	4,405	1	234	3	780	—	4,171
West Midlands	6	2,774	4	1,045	1	185	—	587
South West	4	2,509	3	999	—	—	—	—
Eastern	3	1,052	1	152	1	78	—	570
London & S.E.	4	2,074	3	965	1	327	—	1,111
Total	34	38,577	19	15,020	10	1,844	—	10,234

Evidence is emerging that companies are showing more interest in the Government's machine-tool aid scheme following changes made to eligibility limits in August.

About £20m. has been allocated to stimulate investment in the industry, but the response in the first year was poor. As the table below shows, less than £2m. had been approved by the end of July.

Mr. John Thompson, Department of Industry regional director for the West Midlands, where much of the machine-tool industry is concentrated, reports a considerable upturn in inquiries since the August changes. The modifications in effect increased

the number of eligible companies and simplified the method of payment.

Whereas there were 100 inquiries in the West Midlands about the scheme in the first 12 months of its operation, there have been 60 in recent weeks, and two of these have resulted in definite applications.

The Department of Industry is mounting a determined campaign to make companies aware of the scheme, and Mr. Thompson plans a conference for West Midlands companies. Lord Brown, a former Minister of State at the Department of Industry, is to tour the country visiting companies to explain what Government assistance is available.

# £300-a-year parking space plan 'would be disastrous'

BY JAMES McDONALD

GOVERNMENT proposals to levy up to £300 a year for each private office or factory car parking space are described as "illegitimate means of raising revenue, particularly from those who can least afford it, like the small businessman."

The criticism comes from Movement For London, the industrial, motorists and employers' organisation formed last year under the chairmanship of Sir Alex. Samuels, formerly adviser to the Minister of Transport on London traffic management.

It is embodied in written evidence from Sir Alex on the plan, which is part of a recent consultation document on

the control of private non-residential parking.

"This scheme is not a legitimate means of raising revenue, particularly from those who can least afford it, like the small businessman."

"It will be the power of your purse, not the nature of your mission, which will decide whether you can operate a car or van in inner London," Sir Alex wrote in his evidence.

The policy appeared to be based on a misunderstanding of the realities of running a business in London.

"Economic life is not such as to allow companies to provide

superfluous office space purely for the convenience of their staff cars; the high cost per square foot of London office space has made certain of that."

The answer to the problem of London traffic was providing purpose-built by-passes, in all areas, to concentrate the through traffic away from local residential and shopping streets.

Among the members of Movement For London are: the Automobile Association, the Royal Automobile Club, the National Chamber of Trade, the Freight Transport Association, the Road Haulage Association and other major industrial con-

# Industry 'opposes import controls'

By Donald Maclean

IMPORT CONTROLS are "overwhelmingly opposed" by manufacturing companies in the South-East, according to the London Chamber of Commerce and Industry.

Companies fear such controls, mooted as a way to meet economic problems, would bring retaliation against exports, encourage inflation and "make British industry even less competitive."

The Chamber says on completing a survey of the companies' opinions.

It is to be hoped, the Chamber says in a simultaneously released economic report, that the International Monetary Fund will attach "tough" conditions to credit to the U.K. These, it says, should include further cuts in public expenditure, tighter control of the money supply, and "an early announcement of a tough and realistic Phase III of the counter-inflation policy."

Although "the Government's slow-motion attack on monetary problems appears to be having some success in mopping up excess liquidity," it states, "crisis-level interest rates are hardly likely to encourage industrial investment."

The way the Government debt is now managed "inevitably produces large cyclical swings and excess liquidity."

"There are growing doubts as to whether the traditional methods of managing the gilt-edged stock market are adequate for financing a borrowing requirement approaching a tenth of the national income."

The survey of companies in the South-East shows calls for better anti-dumping controls and "tougher bargaining" with countries that impose levies or quotas on British exports.

# Have you got what it takes to do business in Japan?

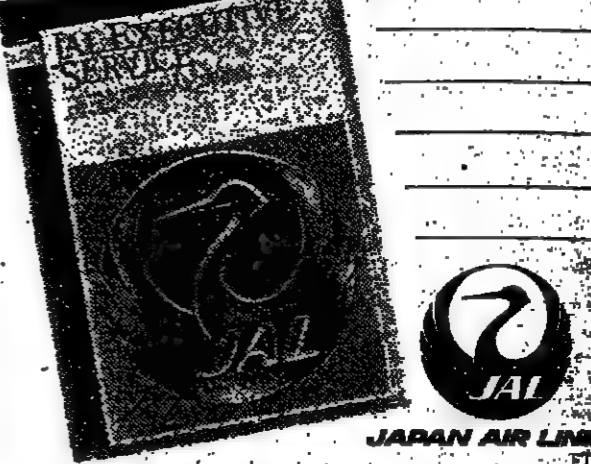
Mail the coupon now for your copy of our new brochure on the JAL Executive Service, the first and still the most comprehensive package of business aids for the businessman visiting Japan. It makes sure you get all the help you need before you go, on the way and when you arrive.

To: Japan Air Lines, 8 Hanover St, London W1R 0DD

Name \_\_\_\_\_

Position \_\_\_\_\_

Address \_\_\_\_\_



All of these securities having been sold, this announcement appears as a matter of record only.



## THE AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION

(A Statutory Corporation the capital of which is wholly owned by the Commonwealth of Australia)

A\$15,000,000

10 PER CENT. NOTES 1983

J. Henry Schroder Wagg & Co. Limited

Bank Gutzwiller, Kurz, Bueglinger (Overseas) Limited

Algemeine Bank Nederland N.V.

Arab Finance Corporation S.A.L.

Banque Bruxelles Lambert S.A.

Banque Populaire Suisse S.A. Luxembourg

Citibank International Bank Limited

Commerzbank Aktiengesellschaft

Compagnia Finanziaria Interbancaria S.p.A.

Crédit Commercial de France

Hambros Bank Limited

Hill Samuel & Co. Limited

IBJ International Limited

Manufacturers Hanover Limited

Merrill Lynch International & Co. Limited

Orion Bank Limited

Union de Banques Arabes et Françaises—U.B.A.F.

1st October, 1976.



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Standard Oil Co

The Company has

MORG

## APPOINTMENTS

## U.K. TRADE FAIRS AND EXHIBITIONS

# Wiggins Teape re-organisation

What was stimulating in an otherwise low-key game was the inventiveness of the Blackheath short penalties, from which they gained both useful ground and good possession.

They tried to bring the three-quarters into play whenever possible, but Ubee kicked well to force pressure positions. He ran across field rather, and this on what looked likely to be a very narrow pitch was nunnia to Barker and Stringfield, but difficult for Crust and Hudson.

Crust brought off one monumental tackle on Black to avert a try, but it was he also who flung a wild pass to Clark after a fine effort. Crust and quick switch by Cushing.

The other influential player was Williamson, who never wavered against the kicking and ventured happily in the first half before resuming a sound defensive role. When Wasps realised they had the winning of the game, he was soundness itself.

Both sides missed penalty chances, but Blackheath were able to play at an even pace, whereas Wasps were forced to score to boost their morale, so lowered by Blackheath's tidy forward performance.

**PETER ROBBINS**

assembly and distribution of all Datsun vehicles. Mr. J. A. Potgieter has been made managing director of Datsun Nissan (Proprietary) and will be responsible for the press shop, tool room and container manufacturing.

★

LCP HOLDINGS GROUP has formed a division, LCP Home-centres, comprising the businesses formerly carried on by Kinsella (Birk) and F. B. Rudd and Sons (Colspan). Directors of the new division are Mr. J. A. Potgieter, chairman, Mr. C. M. Rudd, chief executive, Mr. M. G. Hallam, Mr. D. A. Mooney and Mr. F. J. Rudd.

★

Mr. A. C. Smith, who retired as deputy managing director and from the Board of BUTLER TILL last June, has been appointed a consultant to the company.

★

Mr. J. Kraaijeveld van Hemert has been appointed a director of EDBRO (HOLDINGS). He is chairman of Bos Kalis Westminister Group NV.

★

Oct. 2-5	World Office
Oct. 3-5	SPECIBUILD
Oct. 12-14	C.R. Automata
Oct. 17-19	Birmingham
Oct. 17-20	Electronics
Oct. 18-20	Electronics & Kensington
Oct. 18-23	Furnaces, H.
Oct. 20-30	International
Oct. 21-22	Management
Oct. 23-31	International
Oct. 26-28	Highland Tr
Oct. 26-29	Microform
Oct. 26-29	London Fashion
Oct. 27-30	British Intnl
Oct. 27-31	Int. Glass and
Oct. 31-Nov. 4	Domes
Oct. 31-Nov. 4	Scottish and
Nov. 2-4	Nat. Housing
Nov. 5-12	Automated F

## OVERSEAS TR

Current	International
Current	International
Oct. 5-6	Gastech LNG
Oct. 7-17	International
Oct. 15-24	International
Oct. 18-24	International
Oct. 15-25	International
Oct. 16-24	German Inter
Oct. 17-23	Intnl. Hotel
Oct. 18-23	International

re Exhibition (cl. Oct. 7)  
Exposition  
the Testing Exhibition  
Ideal Home Exhibition  
Garden and Leisure Exbn.  
Exhibition  
Antiques Fair  
at Treatment & Fuel Economy E  
Motor Show  
Services and Equip. Exbn.  
Ski Show  
ade Fair  
International Exhibition  
ion Exhibition  
Fashion Fair  
and Maint. Exbn. and Cong.  
Contract Textiles Exbn.  
ion Show  
and Town Planning Exhibition  
Production Exhibition

## TRADE FAIRS AND

Trade Fair (cl. Oct. 31)  
Furniture Exhibition (cl. Oct. 5)  
LPC Technology Equip. Ex. and  
Motor Exhibition  
Electrical Fair  
Trade Fair  
Boat Show  
ational Boat Show  
and Catering Equip. Exbn.  
Electronics Exhibition

Olympia  
Olympia  
Savoyeur Hall, W.1  
Nat. Exbn. Centre, B'ham  
Nat. Exbn. Centre, B'ham  
U.S. Trade Centre, W.1  
Kensington Town Hall  
Nat. Exbn. Centre, B'ham  
Earls Court  
Harrogate  
Olympia  
Aviemore Centre  
Wembley Conf. Centre  
Olympia  
Nat. Exbn. Centre, B'ham  
Nat. Exbn. Centre, B'ham  
Nat. Exbn. Centre, B'ham  
Central Hotel, Glasgow  
Metropole Centre, Brighton  
Belle Vue, Manchester

## EXHIBITIONS

Baghdad  
Lyons  
New York  
Paris  
Copenhagen  
Bucarest  
Genoa  
Hamburg  
Paris  
Budapest

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

penalties for Richmond in the third and sixteenth minutes of the first half to put Richmond six points up and it was the second of these that sparked the Welsh into their first score of the day with a fine try by flanker John Taylor, though it was earlier that the move from scrum-half Alun Lewis to his namesake on the wing had looked suspiciously as though it was forward.

That was in the 33rd minute and Alan Lewis it was who converted it to make the score 8-6 where it remained until the turnround.

There were no bitter re-miniscences in the Richmond camp less some thought will undoubtedly be given to moving Shackleton back up to stand-off and bringing back Janion either at centre or on the wing.

The Welsh will be pleased to have kept their record intact against their rivals and neighbours through a side that played good quality basic rugby. Although not invulnerable, the team's knitting together a game that even the more dazzling sides are hard hard to break.

**STUART ALEXANDER**

\*  
Mr. B. J. Woolf has been appointed joint managing director and joint secretary of the directors of GEORGE LONGDEN AND SONS, a subsidiary of Whitecroft.

\*  
Mr. John Franklia has relinquished his appointment as a director and chief executive of MWP INCENTIVES, the company owned jointly by Morgan Grenfell and Co. Willis Faber and Dumas and P.A. Management Consultants. Mr. Nicholas Kiteoe has retained his position as an assistant director of MWP. Mr. Franklina and Mr. Kiteoe, who were both succeeded by MWP by Morgan Grenfell, will be reappointed to the full-time directorate of Morgan Grenfell. Mr. Anthony Minns and Mr. Mark Chamberlayne have become joint chief executives of MWP.

\*  
Mr. Fred Jennings, president of the National Federation of Anglers, has been appointed a member of the NATIONAL FISHING COUNCIL. He replaces Sir Hugh Lucas-Tooth, who is retiring.

\*  
Mr. J. S. Rooke, formerly chief executive of British Overseas Trust, has been appointed to the Board and now a director of Foden, has been appointed adviser to the AUSTRIAN LANDERBANK and head of the bank's London liaison office.

\*  
Mr. George Holden has become managing director of TONBRIDGE PRINTERS on the retirement of Mr. Bill Blythe, who was succeeded by Mr. Robert

appointed managing director of QUINTON HAZELL (HOLDINGS), a subsidiary of the Burmah Oil Company, in succession to Mr. G. C. FRIE has resigned (for personal reasons). Mr. H. W. Joynt has joined the executive committee of the Quinton Hazell Group.

\*

Mr. A. P. Smith has been elected chairman of the IRON AND STEEL PLANT CONSTRUCTION ASSOCIATION FOR 1978-79. Mr. J. R. S. Broke has become vice-chairman.

\*

The following appointments to the Board have been made at HRD & SINGER, a subsidiary of RKN Transmissions, Mr. L. S. Robinson (works), Mr. B. Brown (operations), and Mr. I. G. Sankey (technical). Mr. D. G. Shaw has become works director of BRIDGEMAN COMPANY, another subsidiary.

\*

Mr. T. S. Richardson and Mr. P. M. Butler have been appointed directors of JONAS WOODHEAD AND SONS.

\*

Mr. George Duncan is to join the Board of FITCH LOVELL as a non-executive director. Three other directors have left the company. Mr. Maurice Canavall, deputy chairman, who remains as president of Lovell and Christmas, Mr. David Beer, formerly deputy chairman, and Mr. David Powell, a non-executive director.

+

The Earl of Kinross has become chairman of the PROPERTY OWNERS' BUILDING SOCIETY in succession to the late Lord

Current	International
Oct. 5-6	International
Oct. 7-17	Gasrech LNG
Oct. 15-24	International
Oct. 15-25	International
Oct. 15-25	German Inter
Oct. 15-25	Inter
Oct. 17-25	International
Oct. 19-25	International
Oct. 19-Nov. 1	Fourth Inter
Oct. 21-27	International
Oct. 27-30	Fish Expo '77
Oct. 28-Nov. 11	Do-Us Inter
Oct. 30-Nov. 7	German Inter
Nov. 3-10	Mechanical H
Nov. 3-14	International
Nov. 4-10	International
Nov. 7-15	International

## BUSINESS ANN

Oct. 5	DITE: You
Oct. 5-6	Euro. Study
Oct. 7	Arabian Mar
Oct. 7	British Print
Oct. 8	Oveez: Water
Oct. 8	ESC: EEC Tr
Oct. 8	SACIE: Trai
Oct. 11-Nov. 5	H. Mitchell:
Oct. 12	Do-Us Inter
Oct. 12-13	Seatrade: In
Oct. 12-14	Financial T
Oct. 14	Review: A
Oct. 18	Economic M
Oct. 18-20	Inbucon: Re
Oct. 18-20	P-E Cons. G
Oct. 18-20	Kemper-Tr
Oct. 19-20	Finnish
Oct. 19	Water, Bar
Oct. 20	Prospects
Oct. 20	PRCA Conf
Oct. 21-25	Interface: M
Oct. 21-25	Design Eng
Oct. 25-26	Assoc. Bus.
Oct. 25-26	MOE: Labou
Oct. 25-27	Racey Park
Oct. 26-28	ORC (U.K.):
Oct. 27-30	Strategic M
Oct. 28	ABP: Emplo
Oct. 28	WTI: New A
Oct. 29	Management
Oct. 29	Riv. Basin
Nov. 1-2	Int'l. Busin

Trade Fair (cl. Oct. 21)  
Furniture Exhibition (cl. Oct. 5)  
LPG Technology Equip. Ex. and C  
Motor Exhibition  
Electrical Fair  
Trade Fair  
Boat Show  
National Boat Show  
and Catering Equip. Exbn.  
Electronics Exhibition  
National Trade Fair  
Technical Fair  
6  
Exhibition  
Fishing and Foodstuffs Exhibition  
Handling Equipment Exhibition  
Motor Show  
Hotel and Catering Equipment  
Caravan Show

Baghdad  
Lyons  
Conf. New York  
Paris  
Copenhagen  
Bucharest  
Genoa  
Hamburg  
Paris  
Budapest  
Tehran  
Stockholm  
Boston  
Paris  
Berlin  
Utrecht  
Turin  
Exbn. Munich  
Brussels

## CONFERENCES

Southgate Tech. Coll., N.14  
Portman Hotel, W.1  
Cafe Royal, W.1  
Royal Lancaster Hotel, W.2  
Izn on the Park, W.1  
Royal Garden Hotel, W.8  
London Hilton, W.1  
Beeton, Notts.  
Clifton Tower Hotel, W.1  
Europa Hotel, W.1  
Wentworth Hotel, Sydney

EN House, S.W.1  
Dorchester Hotel, W.1  
*Training Centre, Egham*  
Riviera Bath Htl., Bournemouth  
Babraln

London Hilton, W.1  
Post House, Reading  
Europa Hotel, W.1  
Tara Hotel, W.8  
Clerks Hotel, W.1  
Brussels  
Horsham, Sussex  
Connaught Rooms, W.C.2  
Bournemouth  
Albany Hotel, Glasgow  
World Trade Centre, E.1  
Manchester Bus. School  
Exhibition Road, S.W.7  
Buckley Street, W.

## WEEK'S FINANCIAL DIARY

**Financial Times Reporter**  
**CARRERAS ROTHMANS** is to increase five brands to 20 cigarettes a pack. The 10-day, and pipe tobaccos by 3p an ounce from November 1.

All the cigarettes are in the low price range, but two of them, Guards filter and Camerons, will sell for 42p, only 1p less than the new king-size brand Stuyvesant Extra Mild announced last week and competing with other king-size cigarettes at 45p for 20.

But the company blames rising costs for the increases, which will also affect Piccadilly No. 7, Black Cat No. 9 and Piccadilly No. 3. Some brands are to be dropped.

1973.

★

Mr. Gordon S. Mackie has been appointed managing director of BLACKWELL BEARINGS.

★

Mr. D. E. Corbus has been appointed chairman of THOMPSON GRAHAM (REINSURANCE BROKERS).

★

Mr. W. L. Spences has become deputy chairman of the MESSINA (TRANSVAAL) DEVELOPMENT COMPANY and has been succeeded as managing director by Mr. W. J. Wilson, formerly managing director of Datsun-Nissan Investment. Mr. F. Whitefield has been appointed managing director of Datsun Motor Vehicle Distributors (Proprietary) and will be responsible for the marketing.

Mr. John Cowdall, chief executive officer of West Lancashire District Council, has been elected president of the INSTITUTE OF LOCAL GOVERNMENT ADMINISTRATORS for 1976-77. He succeeds Mr. Jeffrey Greenwell. Mr. Cowdall has been chairman of the Institute Council for the past year and that position will be filled by Mrs. Bess Gleuve.

★

Dr. N. E. Dhomau, Mr. D. S. Flynn, and Mr. A. A. Pakenham-Walsh have been appointed to the Board of TARA MINES, the main operating subsidiary of Tara Exploration and Development.

Sir Bernard Graine, Conservative MP for Essex South-East, has been appointed a director of CRAFTOWN.

The following is a recap of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-dividends shown below are based mainly on last year's timetable.

[illegible]

FURTHER retreat from water rationing took place this week when the South West Water authority announced an end to use of standpipes in Devon; the decision came as substantial increases in reservoir stocks were reported following continued heavy rain. The move brought the indefinite position of rationing in South Devon to an end, but some 10,000 in the Dart and Dartmoor areas of the country remained on or under close threat of rationing.

Mr. R. C. Slocombe, managing director of the South West Authority commented that the Weldon reservoir had risen rapidly on Friday night, to 88.1 per cent of capacity, and the Wistlandpond, at 33 per cent, had begun a steady rise.

The difficulty facing workmen in reconnecting supplies for all houses cut off without some delay led over the weekend to a further decision, permitting people in the ravaged area to turn on their own supplies, with such tools as they could find to reach waterpumps two feet underground.

g offered to the public.

The Secretary of State for Education has appointed seven new members to the SCIENCE RESEARCH COUNCIL. They are Professor G. Allen, Professor Sir Granville Beynon, Dr. J. Birks, Dr. P. F. Chester, Professor W. E. J. Farvis, Dr. N. W. Holdgate and Professor Sir George Porter. The appointments are for four years.

[illegible][illegible]

17	Lancaster	10pcCBds.	Red.	13:477	54pc
17	Malaysia Rubber	0.8471g			
17		11pcCBds.	Red.	13:477	54pc
17		11pcCBds.	Red.	13:477	54pc
17	Meirionnydd	10pcCBds.	Red	13:477	54pc
17	Nottinghamshire	10pcCBds.	Red.	13:477	54pc
17		10pcCBds.	Red.	13:477	54pc
17	Rotherham	10pcCBds.	Red.	13:477	54pc
17	Rushmore	10pcCBds.	Red	13:477	54pc
17		G.B.	2.2g		
17	S. Helens	11pcCBds.	Red.	13:477	54pc
17	South	10pcCBds.	Red	13:477	54pc
17	South	10pcCBds.	Red	13:477	54pc
17	Surrey	10pcCBds.	Red.	13:477	54pc
17	Thanet	10pcCBds.	Red	13:477	54pc

*These Notes are not being offered to the public.*

**\$500,000,000**

**Sohio/BP Trans Alaska Pipeline Capital Inc.**

**93% Notes due January 1, 1993**

**934% Notes due January 1, 1998**

*Secured by the pledge of Guaranteed Notes of like maturities of Sohio Pipe Line Company in a principal amount equal to 67.8% of the aggregate principal amount of Notes and of BP Pipelines Inc. in a principal amount equal to 32.2% of the aggregate principal amount of Notes, which are respectively guaranteed as to payment of principal, premium, if any, and interest by*

**The Standard Oil Company**  
(an Ohio Corporation)

*The Company has arranged for the sale of the above Notes to institutions through the undersigned.*

**MORGAN STANLEY & CO.**  
*Incorporated*

# ELEVENTH INTERNATIONAL TRADE AND TOURISM EQUIPMENT EXHIBITION

**MILAN** | On the grounds of the  
24 October-1 November 1976 | Milan Fair  
Secretariat: 20121 Milano (Italy), via Boschetti, 1  
Tel: 02-5512/3/4

**At EXPO CT:**

- Expo Furniture
- International Exhibition of Confectionery
- International Exhibition of Food Products
- S.I.P.R.A.L.





## Entertainment Guide

**OPERA & BALLET**  
**COLESEUM** 01-335 3161  
 ENGLISH NATIONAL OPERA  
 Tonight 7.30 DALLAS  
 Tomorrow 8.00 DALLAS  
 Tuesday 8.00 DALLAS  
 Wednesday 8.00 DALLAS  
 Thursday 8.00 DALLAS  
 Friday 8.00 DALLAS  
 Saturday 8.00 DALLAS  
 Sunday 8.00 DALLAS  
**COVENT GARDEN** 01-335 3161  
 ENGLISH NATIONAL OPERA  
 Tonight 7.30 DALLAS  
 Tomorrow 8.00 DALLAS  
 Tuesday 8.00 DALLAS  
 Wednesday 8.00 DALLAS  
 Thursday 8.00 DALLAS  
 Friday 8.00 DALLAS  
 Saturday 8.00 DALLAS  
 Sunday 8.00 DALLAS

**THEATRES**  
**ADOLPHUS** 01-335 3161  
 ENGLISH NATIONAL OPERA  
 Tonight 7.30 DALLAS  
 Tomorrow 8.00 DALLAS  
 Tuesday 8.00 DALLAS  
 Wednesday 8.00 DALLAS  
 Thursday 8.00 DALLAS  
 Friday 8.00 DALLAS  
 Saturday 8.00 DALLAS  
 Sunday 8.00 DALLAS

**THEATRES**  
**ADOLPHUS** 01-335 3161  
 ENGLISH NATIONAL OPERA  
 Tonight 7.30 DALLAS  
 Tomorrow 8.00 DALLAS  
 Tuesday 8.00 DALLAS  
 Wednesday 8.00 DALLAS  
 Thursday 8.00 DALLAS  
 Friday 8.00 DALLAS  
 Saturday 8.00 DALLAS  
 Sunday 8.00 DALLAS

**THEATRES**  
**ADOLPHUS** 01-335 3161  
 ENGLISH NATIONAL OPERA  
 Tonight 7.30 DALLAS  
 Tomorrow 8.00 DALLAS  
 Tuesday 8.00 DALLAS  
 Wednesday 8.00 DALLAS  
 Thursday 8.00 DALLAS  
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## FT Monthly Survey of Business Opinion

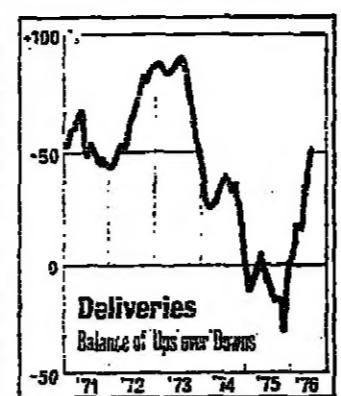
Statistical Material Copyrights Taylor Nelson Group Ltd.

4 monthly moving total September 1976

## GENERAL OUTLOOK

## Economy casts a shadow

INDUSTRIAL confidence in the general economic situation has deteriorated even before last week's further outbreak of pressure on the pound sterling. This is shown by the results of the latest Financial Times business opinion survey, the last interview for which were completed about ten days ago.



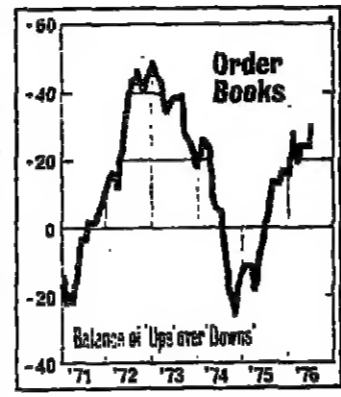
Deliveries (Index 1974=100)  
 As to be expected, the re-

covery in electrical engineering is rather patchy with certain ranges at the lighter end of the industry doing better than others. One encouraging sign was that customers were now prepared to enter into longer commitments. Export sales are also said to remain encouraging.

## ORDERS AND OUTPUT

## Activity gathers pace

THE IMPROVEMENT in order flows which began to show through at the beginning of this year has reached the point where over half the all-industry sample are now able to report increased orders. The rate of recovery varies between the three sectors re-surveyed last month; but more firms were reporting increased business than in May in electrical engineering and the stores and consumer services group, while in vehicles and consumer durables the proportion of firms experiencing a rising orders trend remained about the same.



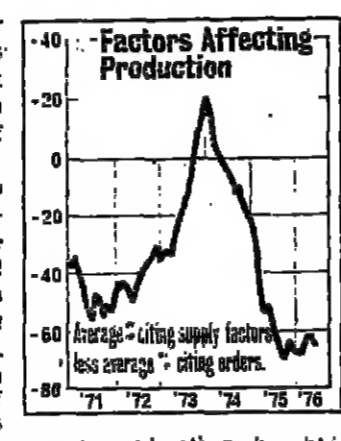
Order Books (Index 1974=100)  
 As to be expected, the re-

covery in electrical engineering is rather patchy with certain ranges at the lighter end of the industry doing better than others. One encouraging sign was that customers were now prepared to enter into longer commitments. Export sales are also said to remain encouraging.

## CAPACITY AND STOCKS

## Constrained by orders

THE LATEST indications for capacity utilisation, stocks, purchases, and the factors that are determining production rates all hint out a picture of a steady pace of recovery.



Factors Affecting Production (Index 1974=100)  
 As to be expected, the re-

The volume of purchases has been rising: half the all-industry sample (and almost all electrical engineering companies) now expect to buy more outside supplies in the coming four months. But there is not the least sign of a major stock-holding boom. Both purchases and stocks have been rising more or less in line with the rising pace of activity. Indeed over two-thirds of the latest all-industry sample consider their stock levels to be about the right level while almost a quarter believe stocks are too high in relation to their current rates of activity.

## CAPACITY WORKING

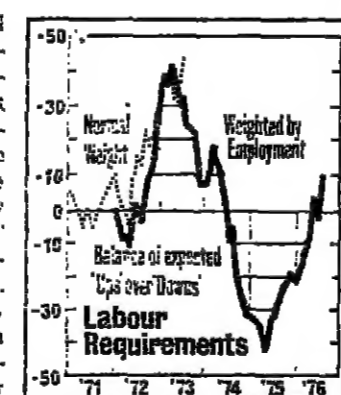
Above target capacity  
 Planned output  
 Below target capacity  
 No answer

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Above target capacity	16	18	12	10	7	1	1
Planned output	49	46	46	49	99	68	59
Below target capacity	30	32	38	38	1	7	40
No answer	5	4	4	3	—	18	—

## INVESTMENT AND LABOUR

## Real increase in investment

THE OUTLOOK for industrial employment and capital spending is becoming more encouraging. With all three sectors last month more hopeful of increasing their labour force over the next 12 months than was the case in May, the all-industry balance of "ups" and "downs" is now positive again for virtually the first time in two years. This suggests that there is now a prospect of a net increase in employment. The improvement is likely to be relatively modest however: only two in every three firms which are forecasting increased production are expecting to take on extra manpower.



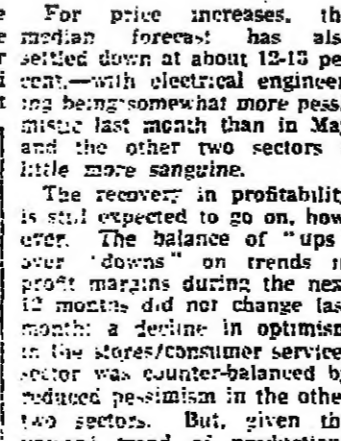
Labour Requirements (Index 1974=100)  
 As to be expected, the re-

In the case of capital investment, the cars/durables and stores/consumer services sectors were more bullish (or less pessimistic) than in May. As a result almost half the latest all-industry sample expect to spend more in real terms during the next 12 months. This probably betokens a net increase in the volume of industrial investment as a whole—for the first time in more than two years—and an increase in the extent to which industry will be obliged to resort to outside sources of finance.

## COSTS AND PROFIT MARGINS

## Concern about inflation

INFLATION expectations are now being viewed rather more cautiously. Hopes of a further slowing in the rate of cost and price increases have all but faded, with the median forecast for increase in total unit costs over the next 12 months leveling out at about 12-13 per cent, and the median forecast increase for unit wage costs leveling out at about 7-8 per cent. From now on firms are having to take a view about the prospect for wage settlements without the present period of restraint expiring next summer.



Total Unit Costs (Index 1974=100)  
 As to be expected, the re-

The recovery in profitability is still expected to go on, however. The balance of "ups" over "downs" on trends in profit margins during the next 12 months did not change last month's decline in optimism in the stores/consumer services sector was counter-balanced by reduced pessimism in the other two sectors. But, given the upward trend of production/turnover forecasts, all three sectors were more hopeful than before of an improvement in earnings on capital employed during the current year.

The weighting is by market capitalisation, save where an alternative method of weighting is specified. The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month).

## GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
More optimistic	35	35	39	47	7	71	26
Neutral	55	58	53	49	93	29	54
Less optimistic	10	7	8	4	—	—	20

## EXPORT PROSPECT (Weighted by exports)

Over the 12 months exports will be:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Higher	83	82	84	88	100	99	90
Same	11	12	14	11	—	1	10
Lower	6	6	—	1	—	—	—

## NEW ORDERS

The trend of new orders in the last four months is:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Up	53	46	42	44	64	89	35
Same	25	31	34	32	34	5	40
Down	10	15	16	18	—	1	—
No answer	12	8	8	6	—	5	25

## PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Rise over 20%	3	5	5	5	—	—	—
Rise 15-19%	3	7	3	2	23	1	—
Rise 10-14%	11	11	11	10	5	23	10
Rise 5-9%	25	24	24	29	36	16	25
About the same	44	46	46	45	36	54	40
Fall 5-9%	3	3	3	—	—	—	—
No comment	11	8	8	8	—	6	24

## STOCKS

Raw materials and components over the next 12 months will:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Increase	38	38	37	38	58	19	40
Stay about the same	42	45	48	47	43	63	35
Decrease	13	10	7	9	—	18	20
No comment	7	7	8	6	—	—	5

Manufactured goods over the next 12 months will:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Increase	30	25	22	23	5	8	55
Stay about the same	44	45	48	46	41	86	40
Decrease	6	9	7	6	—	1	—
No comment	20	21	23	24	54	5	5

## FACTORS CURRENTLY AFFECTING PRODUCTION

Those expecting their labour force over the next 12 months to:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Home orders	92	91	91	91	99	76	95
Export orders	50	42	42	48	54	69	30
Executive staff	2	4	2	3	1	—	—
Skilled factory staff	8	5	3	7	36	8	—
Manual Labour	3	3	3	5	1	—	—
Components	4	4	1	1	—	19	—
Raw materials	8	7	7	7	—	44	25
Production capacity (plant)	9	8	5	5	—	8	11
Finance	1	1	1	1	—	1	1
Others	7	5	6	6	18	18	—
Labour disputes	8	6	11	11	—	46	5
No answer/no factor	4	5	4	5	—	4	—

## LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Increase	28	21	24	19	91	32	28
Stay about the same	54	56	55	51	9	68	44
Decrease	18	23	21	30	—	—	26

## CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Increase in volume	45	43	40	39	62	64	11
Increase in value but not in volume	11	9	10	20	—	1	62
Stay about the same	23	24	20	19	2	13	27
Decrease	18	22	28	29	36	4	—
No comment	3	2	2	2	—	18	—

## COSTS

Wages rise by:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
0-4%	22	22	24	11	5	20	20
5-9%	42	43	37	31	72	7	45
10-14%	16	17	20	34	22	50	5
15-19%	11	10	9	8	—	1	20
20% plus	—	—	—	—	—	—	—
Same	—	—	—	—	—	—	—
Decrease	—	—	—	—	—	—	—
No answer	9	8	10	16	1	22	10

Unit costs rise by:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
0-4%	1	1	—	1	—	—	5
5-9%	8	16	22	20	—	7	—
10-14%	61	49	45	49	82	64	70
15-19%	14	19	20	18	—	10	1
20% plus	4	6	6	5	—	—	—
Same	—	—	—	—	—	—	—
Decrease	—	2	2	2	—	—	—
No answer	12	7	5	5	18	19	24

## PROFIT MARGINS

Those expecting profit margins over the next 12 months to:

	June-Sept. %	May-Aug. %	April-July %	March-June %	Elect. Eng. %	Consumer Durables %	Stores %
Improve	43	44	39	40	59	71	10
Remain the same	45	45	44	37	40	5	50
Contract	9	9	14	20	1	24	31
No comment	4	2	3	3	—	—	9

## INVEST IN 50,000 BETTER TOMORROWS !!

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